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# West Europe Report

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11 February 1986

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## FLEMISH PARTY LEADERS ON REGIONALIZATION ISSUES

Brussels KNACK in Dutch 9 Oct 85 pp 35-44

[Article by Frans Verleyen and Chris de Stoop: "The Sorrow of Flanders"]

[Text] Interregional pitfalls provided the last government as well with a few tense moments. The last part of our series on the election.

Inevitably, the last government as well experienced some of its most tense moments in dealing with interregional [pertaining to relations between Flanders and Wallonia] problems. The interregional issue, the last subject in our series on the election, was discussed here with the editorial staff by five political heavyweights: the chairman of the Flemish government, Gaston Geens (CVP [Christian People's Party]), regional leaders Marc Galle (SP [Socialist Party]) and Hugo Schiltz (VU [People's Union], member of Parliament Ludo Dierickx (AGALEV [Go Live Differently Party]) and Senator Lucienne Herman-Michielsen (PVV [Party for Freedom and Progress]). A complex gathering, which went beyond the black-and-white nature of majority versus minority, or as Falle put it somewhat crudely, "Only in our country are there ministers who belong to the opposition. You don't even see that in banana republics." Because of this lack of distinction, Schiltz requested that there be as little debate as possible on the Flemish government "among colleagues."

Question: The opposition often accused this government of being entirely unfavorable in interregional relations, both in day-to-day groundwork--the Happart and Cockerill affairs, the Galle bill, the federalization of the five national sectors, education, etc.--and in looking after further development of the state structure. What is the bottom line now that the books are closed?

Marc Galle: Naturally, there were a number of gaps in state reform itself, but what I think is worse is that this government applied it in a neo-unitary form. This probably took place with the full complicity of the Flemish members of the national cabinet, who apparently were no match for those who have made our country into a PSC [(Walloon) Christian Socialist Party] state. Do not forget that this party, no matter how small, holds important seats in the government, and outside it also has the king's cabinet head, the chairman of the National Bank, of the NIM [National Investment Company], you name it. My own bill concerning the language abilities of seat-holders in the Flemish



region was, under pressure from PSC Minister Nothomb, waved aside and pigeon-holed in an untidy and indecent manner. You do know that there are still three Flemish OCMW [Public Center for Social Welfare] members in Wezembeek-Oppem who cannot take their seats because the mayor refuses to administer the oath?

The interregionalization of education has been blocked for years because because we have not even been able to talk about Article 59b. We live in a PSC state, in which the PVV and the CVP willingly pull the load. Moreover, the government is applying a very strict interpretation of state reform: the options included in it, such as direct election of the Flemish Council, a splitting of the Brussels-Halle-Vilvoorde electoral district, a splitting of Brabant, are simply not being tackled. And instead of evolving towards greater financial autonomy, things are developing in the opposite direction: a Fleming gets 500 francs less than the national average from the communal funds. Finally, there is the permanent erosion of our powers; almost on a daily basis, we come into conflict with national ministers who will not understand that there has been a state reform. At the slightest provocation, I have to tell Nothomb: don't come raising your leg on Flemish trees any more, stay in your area!

Hugo Schiltz: During the debate on the 1980 law, in which I did play an extremely active role, I was accused of being a pessimist, but the past 4 years have unfortunately proven that my pessimism was justified. This government not only gave a minimal interpretation to state reform, but even gave it a good twist where necessary. In terms of finances, the income allotted to us in 1980 has been simply done away with: the provincial tax, the value added tax, all of that has been neutralized again. The government has turned back the clock on all levels. In concrete cases, Nothomb, with the consent of the entire government, has dashed to Arbitration Court as soon as he can challenge a comma or period anywhere, while the government has never reacted to the Lepaffe Decree (which allows seat-holders in Flanders to use French).

The government has also made large-scale use of what I call spending authority: even if it is not legally authorized, it can still encroach upon the authority of the member states as the executive power, through cleverly dividing budgetary resources. The Ministry of Interior and Public Office, which should be abolished, is now stronger than ever, and those of us who are the guardians of the subordinated governmental bodies are systematically undercut by the central government. They were supposed to get advice from us, and this has taken place at best according to formula, an embarrassing pantomime.

If I then look at the Flemish sorrow, I notice that we have unilaterally paid the price for the stability of the government; during clashes, it was always Flemings who gave in. To the extent that we even experienced a situation in which the French-speaking minority set itself up as the doorkeeper, with the support of the French-speaking ministers, while the Flemish ministers held back, a bewildering difference in attitude. My conclusions: Although Prime Minister Martens is always talking about allegiance to the federation, this government did not produce a bit of federal loyalty to the communities; it

merely embodied unitarism on equal footing, which is the worst thing that we could get: not a unitary state in which we could be respected as a numerical majority, not a federal state in which we have maximum authority, but rather neither the one nor the other.

Question: What is the objection of the majority parties to this?

Lucienne Herman-Michielsen: I am in a little bit of a special position here, facing three ministers of the Flemish government and facing people who all have seats on the Flemish Council, which is not the case for me as an indirectly elected senator. My starting point is: Have the legislature and the government redeemed the promises of 1980, on the way towards a particular degree of federalization and a particular financing system? In this, I make a distinction between desired shortcomings and undesired shortcomings, which were indeed inherent in the system. With respect to the latter, in the division of authority there are in fact still many non-homogenous areas. In health care, is it not impossible to detach the hospital sector from the entirety of social security? Or another example, the protection of youth, now that has simply stagnated for 4 years.

Thus, the balance is negative, but that was built into the system. Has national policy met its obligations with respect to financing? I figure that in 1982 only 103 billion [frances] went to the regions, while it was as much as 143 billion in 1985; I think that this is an important increase. Certainly we must come to have our own assets, but a phasing-in action was certainly foreseen, whereby in the first phase we would first make payments and only later have them offset by credits. Ultimately, this government did indeed make the Arbitration Court Act possible, so that conflicts can now be settled, as well as the law on the German-speaking community.

Gaston Geens: When I listen to Galle, I hear a lamentation, and then Schiltz is talking about the Flemish sorrow. I myself would not use language like that. To construct a Napoleonist, centralized state in a federal sense is not easy. After a 10-year effort, we ended up with the 1980 law, which certainly was not complete.

The situations of conflict are too numerous, the division of authority too unclear.

It was said that we were giving this and that to the regions, but on closer inspection a step was taken backwards and people began to play on the exceptions. We are also burdened with the difficulty of the double mandate, not because that would involve more work as some allege, but because of the duality of acting as a legislator in both a national and a regional role. However, this can be solved through a better delimitation of jurisdiction. And as far as finances go, we all agree that whoever has the money also has the power.

Ludo Dierickx: People who have ideas have sometimes been able to make a little money as well. That is precisely what I call the economization of politics: previously, it was a question of the value of the Flemings, and now



it is a question of the billions of the Flemings. The Flemish question is increasingly becoming a conflict of interests instead of a conflict of truth.

Geens: If you engage in politics you need money, that's obvious. The big breakthrough in 1980 was that the law gave impetus to self-financing, initially through national solidarity--with donations, that is--although anything beyond that would have to come about by local means. Well, on this level we have not made enough progress. In part because there was no money, the government was forced to make budget cuts. I have no problems with that, except that I get the impression that two agreements were reached in 1980: we said that we had to do it with our own money while at the same time the Walloons draw up the ratio of distribution. There are two possible formations with respect to tactics: the frontal and the step-by-step strategies. I am convinced that frontal clashes do not help us to move forward, and I am more in favor of gradual realization, of an adjustment period. Mr Galle and Mr Schiltz are greatly underestimating the possibilities of the groundwork: many things can be turned to federalization if the ground would only be covered. No one predicted that social deliberation by the communities could be organized, but we did do it, and successfully. Another example is scientific policy. Years ago, we launched the idea that the levers of industrial policy should be in our hands, we made a great deal of progress in that, as is now apparent in applied scientific research, with the Maystadt plan for closing the economic gap [between the Flemings and the Walloons] that has yielded a billion and a half francs for us.

Galle: That gap-closing plan is a disaster, I am fundamentally opposed to it because it plays scientific research de facto right back into the hands of French-speaking officials. In spite of your droning comments on the transfer of levers and the rejuvenated industrial policy, we are now heading for the destruction of Flemish autonomy in the area of scientific policy. And if we want to regionalize education--whereby Flanders would get seven billion francs more--we should also not be blind to the drawbacks for Flemish scientific research.

#### Practice Exercises

Question: The Greens [AGALEV Party] are taking a separate position on the entire interregional issue?

Schiltz: The Greens feel that federalism is valid on a town level and on the European level, but not at all on the Belgian level!

Dierickx: Mr Schiltz, I will explain to you myself what we think. And I will try to do so cautiously, because I know that the effect is surprising when one starts from totally different premises, as we are doing in the economic realm. In every federation, there are forces that shun the center and those that seek the center; both carry out their roles. We belong more to the group seeking the center, no matter how difficult that may be at times, which does not mean that we set ourselves up as defenders of the kingdom, on the contrary, this state can be gently incorporated into a larger European identity. In our tendency to seek the center, we do find something of an audience because we do, after all, live in a particularly calm and democratic country. With all

the gabbing from Jean-Maurice Dehousse and Andre Cools, it surprises me that our people stay so calm, especially young people who don't give a damn about Article 59b and the like...

Galle: Through political ignorance and immaturity...

Dierickx: They even think it's good that there are movements that call themselves peace-loving and are doing practice exercises in pacifism, through solidarity with Wallonia and Brussels, instead of with the SAHEL [expansion unknown] which is naturally much easier. The Greens of ECOLO [expansion unknown] are the only ones who reject anti-Flemish initiatives in Walloon institutions.

Geens: That's not difficult, they reject everything.

Dierickx: But there are a couple of things that the Greens are frightened of. I have already mentioned one of them, the economization of politics which is now gaining ground. We are also frightened by the fact that the two communities are displaying a tendency towards centralism at the expense of the municipalities. And another danger is that democratic relations between concrete people are being increasingly replaced by diplomatic relation between executive organs, a situation like "If Geens and Dehousse agree, then we no longer need directly elected democracy." The negotiations in that deliberating committee between the government and the executives do not take place at a public gathering and are not subject to controls; there can be no amending or questioning, nor can a committee like this be brought down.... I just wanted to say, as Karl Friedrich has pointed out, that this sort of federalism is very difficult and delicate.

Schiltz: You know, there are other authors around, he goes back 15 years.

Geens: And Aristotle 2,000 years.

Schiltz: I think, Ludo, that you are getting too far off the subject and that you are opening up the entire debate on structuralism, consensus, open democracy or delegation democracy. And I'm sorry if you disparage diplomatic relations, but I call that an orderly and sanctionable way to get identities to work together; after all, we can't make Belgium into one big national assembly. As a nationalist and a federalist, I have taken great risks in order to arrive at structural solidarity with Wallonia, to give form to a sort of unionistic federalism. I learned from Professor Dondeyne in Louvain that justice really should not be left to feelings, but should be regulated by laws and structures: a strict delimitation of what is mine and what is yours. Only in this way can you keep the dignity of the Fleming from suffering. And in present-day Belgium, he is in fact not respected, neither in his efforts nor in his own territory, nor in his democratic voice...

#### The Quiet Force

Geens: The deliberating committee so disparaged by Mr Dierickx is to me the most important organ in Belgium. It is only that the Walloons have not wanted to play along, there has seldom been a discussion, almost never a consensus,

there is scarcely any attempt to find solutions to conflicts, and this is what hurts me most about structural development at the moment. I notice fundamentally different behavior in Walloons and Flemings, through which the communities are drifting even further apart. Martens V [the fifth government under the leadership of Wilfried Martens] stressed socio-economic affairs, and I continue to reiterate here: The good figures for Martens are at the same time good figures for Flanders. Only we alertly picked up on it, while Wallonia stayed behind, resulting in a country moving at two speeds, which in my opinion represents the greatest latent danger to national unity. And you can say what you want about the steel agreement, but it will in fact be necessary in the future to do that with our own money. I am afraid that the fiscal base in Wallonia will be too narrow again, that the money will be spent on other things. My feeling is: Wallonia is dying of socialism!

Galle: Well, you understand that I'm not going to agree with that, that's a heavy pronouncement to make. Without socialism, you and I would not have been able to go to college. If Wallonia is dying, then it is in spite of socialism. The collapse of Cockerill-Sambre came about not through socialism, but because the banks pulled out.

Schiltz: It was fruitful interaction: the board of directors made grateful use of the anarchy in the unions, and the unions made grateful use of the need by the board of directors to put the central government under pressure.

Question: Mr Geens, in interregional terms the man on the street looks up to you, the chairman of the first Flemish government, a man with a strong profile who has gathered a great deal of authority. Are you not the man who was under the most pressure from the old unitary legacy, who to a certain extent has continued to reason as a Belgian?

Geens: I know where that reproach comes from, and I am going to say only one thing about that. In 1970, I myself put the system of credits on payments down on paper, and it was not until 1980 that it got through, because Robert Henrion happened to have that book, that is an historical fact! It is not true that I react to everything with a unitary reflex, but I do assume that we Flemings should not isolate ourselves, not in our country, not in the world; we live in a pyramid-shaped relationship. I have also always held strongly to the idea of solidarity, but not this mild approach a la Ludo Dierickx, but always coupled with the idea of responsibility. The Walloons should not decree that it is our fault that things are bad for them, on the contrary, at one time we helped create their greatness.

In my region, there are the graves of those who died in Marcinelle, and my previous classmates went to Cockerill and came and told me, Gaston, this cannot be kept up, no one except for us is working there. And that is in fact how it was. But the forces that were traditionally against us have now indeed chosen another road, the good road, big capital has in fact turned around, hasn't it? We Flemings are now the quiet force in this country. I also did not agree with certain decisions by the national government, but I assumed that coherence of policy was important, even if at times you could have perhaps shot higher than it ended up.

Galle: I was waiting for that shot, see, that is the ugliest expression that I have ever heard from the mouth of a CVP member: evening out shots. That is the most asocial attitude that one can have, it is linear through and through...

Geens: Whatever the case, after 13 October the primary debate will be on money, we are already preparing the files. On the matter of actual regionalization, I find the balance of the last 4 years quite positive. The national government did in fact pursue a policy that was such that we could find a place in it, that we got some room.... What seems to me to be the most difficult is that we are being rewarded with too little for our efforts, everything is benefiting the Belgian treasury. Of course, that should be happening to a certain extent, because otherwise the only thing still holding Belgium together would be our national debt. And yet, an important part of what we ourselves realize should come back to us; at present we have none of it. To the extent that we have sought out and, thanks to fiscal technology in Belgium, have also found all sorts of technologies in order to make an effort for our companies, and to let the national treasury pay. But what is also important, besides the economic issue, is that Flemings have gained a little more pride and self-confidence.

Galle: The workers at Nobels-Pelman and VTR [expansion unknown] might think differently.

Schiltz: I agree in part with Geens, taking a high profile is also important, one cannot just start with a tabula rasa for everything. A step-by-step approach is good, provided that it is not an Easter parade like now, where we don't know whether we are moving forward or backwards. In this rhythm, I and my children will no longer experience things being rounded off, and the Flemish citizen can thus feel at home in his state and gain respect for it. We are also paying a particularly high price for this step-by-step process. And I also don't find it all that gratifying about the fact that we have an one economy moving at two speeds, but the Walloons will ultimately have to overcome their lag themselves! Outside aid is only a makeshift policy, renewal must grow from within. And although our economic speed is the higher, there is an inversion in the political domain and we have less power than we deserve. I demand justice, not two standards and two scales, but one man, one vote, where the vote of one Fleming has just as much value as that of a Walloon.

Galle: It is true that state reform cannot be implemented from one day to the next, but now everyone is assuming positions that could have serious consequences for the future. All the difficulties are being pushed forward, there is no more serenity, just think about issues such as the RTT [Telegraph and Telephone State Monopoly] contract, energy policy, army purchases, Happart...

Dierickx: Whenever I hear Schiltz talk about the humiliations that we Flemings have suffered, I think about what I hear in Wallonia, the same things, but in the opposite direction. Sometimes I feel bad when I hear about how those young Walloons are afraid of us: we Flemings have the ports, we have the industry, we attract the big capital, and they have nothing. And



then you see the leaders of the two groups parading their own minority status: we've been discriminated against much more than you! And when I then hear Andre Cools threatening to throw out the Flemings at Cockerill and hear Dehousse saying that he identifies more with a Walloon boss than with a Flemish worker--that socialists could utter such words--then I don't think that this is bad for Wallonia, but instead bad for socialism!

Question: Two closing questions. When you wake up on 14 October, what is your first priority on the interregional level? And do you see an asymmetrical government as a possibility?

Geens: Certainly it is possible in view of the fact that there are no longer any national parties in existence, although certain affinities do indeed remain, and one would have to get used to such a setup. However, I hope that this country returns to national parties, but then a number of hotbeds of conflict must first be cleared up, we are presently in a transitional phase. And my first wish on the interregional level: more clarity, the rest will follow in course.

Herman-Michielsen: My first priority is also a sharper deliniation of authorities. And this asymmetrical government, I have problems with that, but that is after all a result of the polarization that has arisen from the 1980 laws. The majority is now entirely different in the north from that in the south, the parties have come to lead different lives. The story of Spitaels is very different from that of Van Miert.

Dierickx: We wonder whether decentralization into two entities is possible here, in other federations it is possible to go much further because they do not involve communities that are as laden with emotion as the ones here. And the Greens have attempted to talk up their program across the border and to hold out against a too asymmetric setup.

Galle: All parties have the potential for asymmetry: the PRL [(Walloon) Liberal Reform Party] wanted to leave the government but the PVV did not; the PSC and the CVP are fighting over the regionalization of education; what I mean by this is that there is no longer any national adhesion and that in the future we should take such asymmetrical governments into consideration. And what is my priority on the interregional level after 13 October? That we can develop decentralization such that it helps to curb the nightmare of youth unemployment.

Schiltz: My priority is the repeal, as quickly as possible, of the double mandate and the establishment of a separate Flemish parliament, coupled with delegating financial responsibilities to the regions. An asymmetrical government would be no novelty, it has already happened with Tindemans I and Martens I. One should not judge parties on the basis of the label that they attach to themselves, but rather on the basis of their programs, and from this look for a coalition to govern; whether it is symmetrical or not is no problem at all in political terms. It would only have a symbolic function in the survival of the unitary tradition and thus would presumably be rather poorly received in a number of Brussels salons.

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## SDP INCREASINGLY DIVIDED OVER OPPOSITION STRATEGY

## Jorgensen Warns SDP Dissidents

Copenhagen BERLINGSKE TIDENDE in Danish 15 Dec 85 p 2

[Article by Henrik Grunnet]

[Text] An internal conflict is taking place in the Social Democratic Party over the contents of the new tax agreement.

Former Tax Minister Karl Hjortnaes told BERLINGSKE TIDENDE that he will try to change the tax compromise which he cannot vote for in its present form.

Two other Social Democratic members of Folketing, Arne Jensen and Jens Risgard Knudsen, are also dissatisfied with the tax compromise that came up for its first debate in Folketing on Friday.

Party chairman Anker Jorgensen called the reservations of the three Social Democrats "improper" and he told the radio news audience that he will censure Social Democrats who vote against the rest of the group.

"The party stands firmly behind the compromise. If one, two or three members want to vote differently, I would strongly advise them not to do so and I will censure them if they do so anyway," said Anker Jorgensen.

The disagreement within the party has now come out in the open.

Karl Hjortnaes: "Anker Jorgensen is criticizing me personally, not the substance of what I said. After this criticism I feel I must stand up in public and tell people which parts of the tax compromise I consider to be wrong."

He is looking forward to a lively debate, but did not think his criticism had come too late.

"I think both the Social Democratic Party and the government are willing to listen to sensible arguments.

"The contents of the tax agreement are far from satisfactory in their present form. Of course I could become convinced that I am wrong, but so far Anker

Jorgensen has not made any concrete criticism of what I said so I have to wait for that," said Karl Hjortnaes, who added that when one belongs to a democratic party in a democratic country one is entitled to express one's opinions.

Anker Jorgensen said it would be improper if all the members of the group did not accept the tax compromise as a whole. He said that tax proposals submitted by Karl Hjortnaes when he was tax minister were inferior on some points to those that will be implemented in the tax compromise, an agreement that was negotiated with the government by another former tax minister, Mogens Lykketoft.

#### Hjortnaes Against Tax Compromise

Copenhagen AKTUELT in Danish 16 Dec 85 p 3

[Text] The chairman of the Social Democratic Party, former Prime Minister Anker Jorgensen, condemned any member of the SDP Folketing group who might vote contrary to the group when the tax compromise comes up for a vote in Folketing.

"The party stands firmly behind the agreement. If one, two or three members want to vote differently, I would strongly advise them not to do so and I will censure them if they do so anyway," Anker Jorgensen said on the radio news program.

Anker Jorgensen said it would be improper if some members of the group did not accept the entire tax compromise. He said that the tax proposals Karl Hjortnaes submitted when he was tax minister were inferior on some points to those that will be implemented in the tax compromise, an agreement that was negotiated with the government by another former tax minister, Mogens Lykketoft.

Karl Hjortnaes is one critic of the compromise in the SDP Folketing group. Another is former minister Jens Risgard Knudsen.

Hjortnaes said Saturday to MORGENAVISEN JYLLANDS-POSTEN that he has notified the group that he intends to vote against it while Jens Risgard Knudsen said that he could not share responsibility for the business tax arrangement and the main law on personal taxes.

"I am very disturbed by the way in which Anker Jorgensen criticized my views and therefore I am considering presenting my arguments publicly," said Karl Hjortnaes.

Hjortnaes added that his critics ought to concentrate on refuting his arguments.

"I would be glad to be convinced that I am wrong, but no one can convince me that I should not present my criticism," Hjortnaes said. The sharp criticism is based in particular on the argument that the reform will be impossible



to administer because it is too complex. There is also criticism that by committing itself to cooperation with the government on tax policy, the SDP will be unable to work with the Socialist People's Party to change the tax system after an election.

Tax reform had its first debate in Folketing on Friday and Social Democratic spokesman Ole Stavad confirmed that the party supports the tax compromise.

#### Paper Views Personalities, Issues

Copenhagen INFORMATION in Danish 14-15 Dec 85 p 22

[Editorial: "Two Lines"]

[Text] The leaders of the Social Democratic Party really get around. A little less than a week ago vice chairman and political spokesman Svend Auken returned from 6 weeks in the United States. At about the same time his competitor for the crown prince title, former Tax Minister Mogens Lykketoft, took off for China.

Former Prime Minister Anker Jorgensen has also been on a trip to Uruguay and all in all it seems unlikely that the party's central figures have had time to sit down together and consider the municipal election message.

The sudden panicky reactions in the SDP Folketing group to the current agreement on real interest as well as to the much more comprehensive tax reform agreement from the spring seem to reflect this lack of contact. The absence of Mogens Lykketoft from the debate in the Folketing group during the last few days has been particularly noticeable.

With respect to the real interest agreement, this would seem to grant a long-held Social Democratic wish to eliminate the exemption from the real interest tax that is enjoyed by pension funds in the area of housing investments. Real interest is not taxed when it comes to the funds' commercial investments in stocks and the like; part of the purpose of the tax has always been to promote active investment. But the building activities of pension funds and pension societies have been a thorn in the side of the SDP-dominated public housing construction branch. By exempting construction investments, state-supported private housing construction is created which is not subject to the social obligations of the public housing companies. They regard this as unfair competition.

The government originally rejected the Social Democratic proposal to tighten up real interest taxes, but it has now presented the idea itself as part of the "Christmas package," which is aimed in part at moderating construction in general.

Social Democratic negotiators, who saw a long-held wish being fulfilled, backed the government's proposal, while the government's traditional support party, the Radical Liberal Party, remained neutral.

Although the Danish Federation of Trade Unions [LO] had agreed with its comrades in the public housing sector that this preferential treatment of the pension funds' housing investments should be ended, part of the union movement strongly opposed the current intervention. The main complaint the unions have concerning the Christmas package is that it will have a negative impact on employment, especially in construction. Thus it seems provocative that the party is cooperating in a solution that puts further constraints on building activity.

This criticism became even sharper when it was shown that the real interest intervention was not very watertight. If pension societies and funds decide to invest their money in real estate stock companies instead of directly in construction they will not have to pay the real interest tax, because stock investments are still tax-free. In the words of pension fund chairman Kirsten Stallknecht, "they are forcing us to think in terms of taxes."

On Thursday the matter was discussed at several SDP group meetings and critics of the compromise, for which Lykketoft is responsible, found a sympathetic response. And this set the tone for the debate which followed right after that on the general plan of action for the first debate in Folketing on the most important tax reform proposals.

In his absence Lykketoft's critics in the group could point to the real interest agreement as an example and shake the group's confidence in the big compromise.

Former Tax Minister Karl Hjortnaes' criticism of Lykketoft and his compromise is well-known but it has now been expressed in sharper terms and accompanied by a statement that Hjortnaes does not think he can vote for the bill when it comes to that point. And others besides Hjortnaes expressed reservations, including former minister Jens Risgard Knudsen.

All of them have special reasons--in addition to their concrete technical objections to the agreement--for disliking Lykketoft. Lykketoft ousted Hjortnaes as tax minister and he is a threat to the career of Risgard's favorite, Svend Auken.

But there are more fundamental issues than personal antipathies in the conflict that has arisen in the Social Democratic Party. Both tax issues involve problems in entering into agreements with the current government. Ritt Bjerregaard opposed the tax compromise to the end on the basis of this fundamental attitude. And her arguments have gained new strength after the municipal elections and the opinion polls indicated a red majority. The government is in danger and there are many indications that in this situation the Social Democratic Party ought to sharpen its opposition profile.

The overtones of this attitude could be heard in the statement the party's social affairs spokesman, Erik B. Smith, made to INFORMATION on Friday with reference to the pension agreement which both LO and the Conservatives have cited as an essential tool in solving the balance of payments problem.

"It would send the wrong political signal at this time to stress a big pension compromise that will stabilize the government," said the same Erik Smith who 2 days before the municipal elections recommended immediate and unbiased negotiations with the government on pension reform.

Lykketoft is a pragmatist and in many ways he is in line with central elements of the union movement which must prepare itself for an extremely difficult contract situation in 1987 and can thus be forced to consider the possibilities of reaching an agreement with the government. Lykketoft is also an economic realist who wants solutions that will ease the economic problems of a Social Democratic government. He believes both tax and pension reform measures will do this.

He and his line are opposed by a cohesive group of people who want, at least at this moment, to present a sharp opposition profile without any confusing compromises. The conflict between the two lines has so far delayed the real interest compromise and can still make it difficult to implement the tax compromise. But the conflict over pensions, which will intensify next fall, will be decisive.

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CSO: 3613/50

## POLL ON CHANGING PRESIDENTIAL ELECTION LAW

Helsinki UUSI SUOMI in Finnish 10 Nov 85 p 8

[Article: "Sixty-five Percent Support Choice of Koivisto"]

[Text] The choice of a president by a two-phase direct election received the support of the majority, or 51 percent, in an opinion poll published Saturday.

The study also reveals that 65 percent of the respondents would vote for Mauno Koivisto, if the presidential elections were held now in accordance with the way proposed by the government.

According to the study conducted by the M-information center of SAVON SANOMAT, TURUN SANOMAT, and LAPIN KANSA the majority of the respondents considered the so-called French model as the best way to elect a president. In it the voter casts his ballot directly for the presidential candidate. If none of the candidates receives a majority, another election will be organized between the two receiving most votes.

Of those responding to the poll, 65 percent would vote for President Mauno Koivisto, if the election were to be held in the way recommended by the government. In this kind of election the voter would have two ballots; with one he would vote for the president, with the other for an elector.

Holkeri Second, Vayrynen Third

Nine percent of the respondents would vote for Holkeri of the Conservative Party, eight percent for the Center Party's Paavo Vayrynen, seven percent for Kalevi Kivisto of the Finnish People's Democratic League, two percent each for the Finnish Rural Party's Veikko Vennamo and the Finnish Social Democratic Party's Kalevi Sorsa, plus one percent for the Swedish People's Party's Jan-Magnus Jansson.

On part of the electors, according to the study, the party supporter's figures were Social Democratic Party 34 percent, Center Party 21 percent, Conservative Party 20 percent, Finnish People's Democratic League 10 percent, Finnish Rural Party and the Green Party 5 percent, Christians 2 percent, and the Swedish People's Party 1 percent.

The study was done at the turn of the months of October and November. It consisted of interviews with 530 individuals.

## SKP, SKDL PROBLEMS BLAMED ON LEFT, RIGHT

## PRAVDA Blames Rightist Forces

Helsinki TIEDONANTAJA in Finnish 20 Nov 85 p 3

[Article by Matti Pykala: "Rightist Forces Behind SKDL Expulsion"]

[Text] Tuesday's PRAVDA tells about the expulsion of certain SKP district organizations from the SKDL [Finnish People's Democratic League] in a news item sent by its Helsinki correspondent. The entire news item follows:

"A few days ago a decision was made here after a recommendation made by the SKDL's governing body for expelling the South-Karelian, Lahti, Tampere, Turku, and Uusimaa district organizations of the SKP [Finnish Communist Party] from the comparable district organizations of the SKDL. Some leading functionaries of the SKDL, among others the General Secretary R. Kakela, announced openly that they will, in the near future, begin to take action in regard to several SKP's and SKDL's own organizations."

"As is known, SKDL was founded early as a cooperative action organization of the extensive democratic forces working for the development of friendly neighborly relations between Finland and the Soviet Union. SKP also joined it. Because of this it is obvious that the expulsion of the communist organizations is clearly in conflict with the basic principles of the league's activities."

"As the local press here confirms, these activities reflect the line of thought of certain of the SKP's present leadership, which aims at the dissolution of the Party and the whole People's Democratic Movement; the expulsion of those organizations from the party, which most consistently have stood for the preservation of its international, class-based, Marxist-Leninist character; and dispossessing them of the possibility of participating in the 1987 parliamentary elections within a common SKDL coalition. Because of this, as it is reckoned here, the communist representation in the parliament would shrink substantially and their influence in the political and social life of the nation would weaken. Attention is also drawn to the fact that this is precisely the end sought by the rightist forces in Finland as well as outside of its borders."

## Gang of Five Would End SKP

Helsinki TIEDONANTAJA in Finnish 15 Nov 85 p 14

[Article by Jaakko Laakso: "The Gang of Five Is Already Arranging the End of SKP"]

[Text] The gang of five working to dissolve the Communist Party and the entire People's Democratic Movement, Alvar Aalto, Esko Vainionpaa, Aarno Aitamurto, Reijo Kakela and Arvo Kempainen are at present preparing a decisive death blow for the unity of the SKP. Hundreds of party organizations and 10,000 party members are to be separated from the SKP membership immediately at the beginning of the year.

At the same time the gang of five has also initiated a comprehensive clarifying structural reorganization of the entire People's Democratic Movement. The goal is to move toward a "single implementing organization" in the future. In plain Finnish this means abolishing the SKP as a Marxist-Leninist party and discontinuing the SKDL as a cooperative work organization of the democratic forces.

Along with the "structural reorganization" the gang intends to found, through the unification of the SKP and the SKDL, a new "socialist" party functioning from a reformist base, which would be ideologically and politically more broad-based than the Communist Party; "Marxist, but not a Marxist-Leninist party."

### SKDL Election Leagues Dissolved

Why then does the gang of five intend to expel, in addition to the already expelled eight party districts, hundreds of original cells and 10,000 party members? What sense is there in the whole operation? To the outsider, especially, the reasons for expulsion seem to be cloaked in darkness, or at least are difficult to understand; after all Aalto is simultaneously weakening the party he leads.

The approaching parliamentary elections are the direct cause for the expulsions to be implemented at the beginning of next year, and for the decision made by the gang of five to purge the SKDL election slate of the forces defending SKP unity. If the organizational election that precedes the parliamentary election were conducted within the People's Democratic Movement in a normal fashion, the purging of the slate would not succeed. The will of the membership would prevent the purges. The power of the SKP's unified forces would be sufficient in all election districts to prevent purges.

The gang of five pondered long, weighing different strategies on how to purge the SKDL slate of unwanted candidates. Each time it was the members of the SKP and the SKDL who remained as the problem and an obstacle to the purge. The gang of five saw the breaching of the election law as the only alternative to allowing the entire People's Democratic Movement to vote in the organizational election and choose the parliamentary candidates they wanted. Esko-Juhani Tennila was sidelined in the last election precisely by the blatant violation of the election law which left the results of the organizational election to stand on its own.



Aalto and company, however, were afraid that a breach of the national election law would also bring legal problems, although this did not happen in Lapland. Political problems could also have arisen. For this reason, ways were sought to prevent the membership from influencing the choice of the candidates. First, the changing of the membership rosters was contemplated, but the purging of the members through that avenue was given up as too complicated, cumbersome and uncertain a venture.

But finally the gang found a way to prevent the realization of the will of the membership. Let us expel enough of the SKP members from the party that only desired candidates would reach the SKDL final slate in the organizational elections and the unwanted ones would be excluded. And, from thought to action; the exclusion of hundreds of SKP cells and 10,000 party members from the Communist Party during the first half of next year will stop their participation in the organizational voting prior to the parliamentary elections.

And when only a part of the People's Democratic organization members get to participate in the organizational voting, and when even the right to nominate candidates is taken from the party organizations separated from the SKP, the outcome of the organizational vote is self-evident. Not all the election districts even require an organizational vote, because only enough candidates will be found to fill the slate. And in those, in which the organizational vote is taken only as a formality, it is clear from the outset that only those who get the approval of the gang of five, will get to be candidates for the SKDL.

#### Turn to the Right as a Goal

But the dissolution of the SKDL election leagues is only an immediate cause for the extensive expulsions. The real reasons are found in politics, in the desire to turn the SKP to the right. Without dissolving the party and the SKDL election leagues the turn to the right would not succeed.

The gang of five is openly dissatisfied, among other things, with the militant opposition politics of the SKDL's parliamentary group, which are in conflict with the "historical compromise" with the nonsocialists formulated by Aalto. Militant opposition politics are also presupposed by SKP's and SKDL's decisions. The road to the government practicing internal and economic policies that work against the working class, however, will not open with militant opposition policies, but by turning one's own policies to the right, thinks Aalto. And one can influence policies only from the government, which is how Aalto has, time and again, defended his governmental yearnings.

There is an attempt to turn the SKP and the entire People's Democratic Movement into an agreeable consensus body and the laborers into a force behind this body, a consensus party. The isolation and the separation of the Marxist-Leninist consensus-opposing forces from the SKP and the entire People's Democratic Movement makes it possible to turn the SKP and the SKDL party line to the right. This is the reason the expulsions will be carried out.

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## PAPER INTERVIEWS SUPERPOWER REPRESENTATIVES TO CSCE

Helsinki HELSINGIN SANOMAT in Finnish 30 Nov 85 p 34

[Article by Kari Huhta: "Obstacles Still Block Path in Stockholm"]

[Text] The interviews granted by the leaders of the superpower delegations at the Stockholm CSCE meeting made it clear that, in spite of advancement, the delegations are still far apart on many questions.

"There are no genies at this meeting who can jump out of a box to change the situation," said the new leader of the United States delegation, Ambassador Robert Barry.

"Much depends on mutual understanding between the delegations," said the leader of the Soviet delegation, Ambassador Oleg Grinevski, after having talked at length about matters where there is no such understanding.

Barry has been Grinevski's most important opposition player at this 35-nation meeting only this fall. But the men have already had numerous face to face meetings. Russian, which Barry speaks fluently having begun his diplomatic career in East Europe, has been the language of communication.

It is obvious that no progress will be made in Stockholm unless Grinevski and Barry agree on the questions. In their interviews, however, both carefully emphasized that this was not simply a meeting between the two, but a common conference among the European countries, the United States and Canada.

Important Greetings from the Geneva Summit

The decisive role played by the United States and the Soviet Union was again underscored last week, when President Reagan and party leader Gorbachev stressed the successful conclusion of the Stockholm CSCE as the finale of their summit meeting.

Both Grinevski and Barry see the impact of the greetings on the meeting as primarily conveying political will. Neither, however, wants to indicate in any way that this political will would get him to surrender one stand or another.

"No arms restriction agreement can have anything in it that would be contrary to national interests," said Barry.

Grinevski, in his turn, made it clear that the Soviet Union will not, at this juncture, give up the idea which is a complete anathema for the United States, namely, taking the military exercises of the separate naval and air forces under the umbrella of obligatory prior notification, in addition to the army exercises.

"We will not only continue discussing this. We are going to be demanding. The question is one of the most important," said Grinevski.

This, along with many other topics aired at the Stockholm CSCE meeting, may appear to the outsider as rather minor. The details, however, add up to a series of "activities increasing trust and security," the simple goal of which is the decreasing of the risk of war in Europe.

#### On the Threshold of a New Era

Both the United States and the Soviet Union say, that, in spite of the disagreements, the Stockholm meeting is on the threshold of a new, more substantive, phase.

Some kind of mutual understanding has been reached in Stockholm about the subject matter expected to be included in the final proceedings. The formulation of the final proceedings can slowly get under way.

Before the start of the formulation phase, coordinators or, in practice, permanent chairmen, in place of the present rotating ones, will be required for the unofficial work of the meeting. It is characteristic for the Stockholm meeting that no agreement over the coordinators can be reached just like that.

The West wants two coordinators, one for each unofficial work group. Grinevski said that the East wants four coordinators -- one for each subject under discussion, save one. The key to the Soviet proposal is that the subject left without a coordinator is the one the Soviet Union does not like at all, and which is one of the West's pet subjects, namely the compulsory communication of military intelligence to the other countries under the agreement.

#### Austria, Finland and Sweden on Condition

When the hairs have been split long enough, a solution may yet be found to this question, perhaps in somewhat over a week. Generally it is held obvious that Austria will become one of the Stockholm CSCE's permanent chairmen; the second will probably be either Finland or Sweden.

When the coordinators begin their work, they should, according to Barry's view, concentrate on those subjects in which there is a "common basis." Western representatives are waiting that the East will do likewise, but at least Grinevski has not given any sign of it yet.

That there is agreement over the subjects to be included will not reach very far, because in the proposal drawn up by Finland last month the subject areas were intentionally formulated rather loosely.

As examples of the new areas of unanimity, Barry cites the publication of the schedule for military exercises for a year ahead at a time. Another promising area, according to him, is the advance notification of individual military exercises.

These topics also have problems associated with them, because at the CSCE meeting everything is tied up with everything else. For example, when the Soviet Union announced that it was ready to publicize the schedules, it began from the premise that naval and air force exercises would also be included. United States will not accede to this, because, according to them the different sea and air maneuvers have nothing to do with European security.

Among the worst problems according to Barry -- aside from the fact that the Soviet Union will not stop talking about the naval and air exercises -- are the questions of verification, or surveillance and communications. Grinevski mentioned the same topics as problems.

Here, as in all negotiations associated with arms, the United States demands far-reaching surveillance activities for assuring compliance with the decisions. The Soviet Union considers surveillance a new topic, and especially the detailed communications about the organization of armed forces presented here as a new topic, as spying. "For all topics we must have a common basis," said Barry.

#### Prohibiting the Use of Force

In speaking of the final proceedings now being prepared the Soviet representatives, without exception, stress that it contains both concrete "trust and security enhancing activities" as well as a guarantee of refraining from the use of force. This guarantee and other political declamation-type texts have been important for the Soviet Union; with the West, in turn, saying that the agreement requires, above all, verifiable practical measures. Both now agree that the agreement should contain both, but the prohibition against the use of force is, of course, not simple either, and there is no unanimity over wording.

The newest proposal for the final proceedings was given to the assembly on 15 November. This text, drawn up by the non-partisan, or non-aligned nations, drew both praise and criticism from both Grinevski and Barry.

Neither was ready to say with certainty that an agreement would be reached in Stockholm before the end of the next year, before the beginning of the next CSCE meeting in Vienna. Both used hopeful, but cautious words.

"There are some matters that are worse than nothing," Barry summarized.

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## CONSERVATIVE PARTY VIEWS FOREIGN POLICY AT INDEPENDENCE DAY

Helsinki UUSI SUOMI in Finnish 6 Dec 85 p 2

[Editorial: "New Deal in Foreign Policy"]

[Text] During this independence day Finland's position among the nations seems so strong that foreign policy is hardly the topmost concern in most citizens' minds. The "Geneva spirit" has driven away even the last anxious feelings.

The foreign policy of a small country nevertheless has to be constantly prepared for bad times. This kind of a peaceful interlude provides a convenient opportunity to inspect the functioning of the foreign policy without fastening on any acute problem.

Since four years have passed since the change of power, there is enough material at hand to evaluate foreign policy decisions during Koivisto's term. Comparisons with Kekkonen's time had best be left alone.

Mauno Koivisto has had the big advantage of not having to begin as a one-vote president, but having the strong support of the popular opinion on his side. This he seems to continue to have. This in itself strengthens our country's international position, because the Finnish people's strong trust in their president is also the best guarantee of trust by the foreign powers.

After his election victory President Koivisto announced that he would try to develop foreign policy decision-making in a parliamentary direction. In saying this he made a virtue out of necessity, because no first-timer in the presidential line could have successfully imitated his long-term predecessor's mode of governing.

Among the "foreign policy elite" used to Kekkonen's tight command, however, it was feared that parliamentary decision-making would place foreign policy open to the influences of temporary and superficial states of mind and party tactics. After all, this has happened in other Nordic countries.

This influence could, in fact, be seen in the beginning of Koivisto's term. The Arafat-comedy is an example of this. Neither was cool-headed reasoning used in deciding about certain U.N. elections. In addition, President Koivisto's habit of thinking aloud in front of the representatives of the media has occasionally caused embarrassment.

After the initial groping, however, our foreign policy line has become clearer. Last summer's CSCE meeting strengthened the international respect gained through Finland's well-established policy of neutrality.

Koivisto has carefully tended relations with the Soviet Union. His September trip to Moscow demonstrated that the Soviet Union's new party leaders also want to continue the established cooperation along the lines laid out by Koivisto's predecessors.

Koivisto's term points out that though foreign policy discussion and in part decision-making as well has become more colorful, nothing essential has changed. Our ties with the East and the West are in the right balance.

Being satisfied with passivity would in fact be the wrong solution, just as maintaining initiative and activity as ends in themselves would be. Ties have to be cared for, but each era determines the method and conditions that are right for it.

Foreign policy decision-making has also clearly stabilized and become more effective. In practice, the change as compared to before is, above all else, the emphasis on the foreign minister's independent position. The president of course still has the final power and responsibility, but in accordance with his philosophy, Koivisto keeps at a distance from the management of the current foreign policy issues.

The cooperation of Koivisto and Paavo Vayrynen seems to have proceeded objectively despite the stresses of the past and the spectre of their competitive positions in the next presidential election. Unfortunately, in the public consciousness Foreign Minister Vayrynen has been eclipsed by Party Leader Vayrynen. For this reason he has not been able to receive the recognition he deserves for the energetic way in which he has fulfilled his role as foreign minister; he has gained a strong professional competence in it.

In the beginning of Koivisto's term it was assumed that Prime Minister Kalevi Sorsa would actively participate in foreign policy decisions. It was even feared--in some circles perhaps hoped--that he would take the leadership of foreign policy into his own hands, on the basis of his extensive experience. This did not happen. Sorsa has correctly stayed in that role which, according to our system, belongs to the prime minister. It is not by any means a small one; after all, the prime minister is, for example, chairman of the parliament's foreign affairs committee. But Sorsa has not tried to "go over Vayrynen's head."



Sorsa's foreign policy interest has instead focused on the Socialist International's activity. In principle, it is advantageous to Finland that its prime minister pursue impressive international activities. Due to the nature of the Socialist International, however, Sorsa's position in it is a delicate one. The NATO countries' socialist parties have a powerful position in the organization, which they use to try to get support for their attempts to influence NATO strategy. Of course, their positions are not always appropriate for neutral Finland. Sorsa's appearances in the activities of the Socialist International may thus give rise to misunderstandings about Finland's politics.

According to his parliamentary way of thinking, Koivisto has returned the foreign ministry to the position which constitutionally belongs to it. He does not apparently keep in touch with the leading officials in the foreign ministry over the head of the prime minister, as Kekkonen did. The preparation of matters happens under the prime minister, and he relays their results to the president.

On the other hand, the position of the president's Foreign Policy Advisor Jaakko Kalela, who has been promoted to department head, has clearly become stronger during Koivisto's term. It is impossible for an outsider to know how big his influence is on the president's thinking and actions, but even the fact that he has a more direct conversational access to the president than anyone else, gives him appreciable opportunities for influence. Still, there are no signs of an actual power struggle between the president's department and the foreign ministry, and it cannot be claimed that Kalela has weakened the foreign minister's position as the president's primary advisor.

One should also note that the SDP's and the Center Party's competition for appointments within the foreign affairs administration has been stopped. Only a few of the leading officials in the foreign affairs administration have party memberships, and even their appointments can be defended as based on their competence. Now one can only hope that the foreign ministry gets its administration into shape, so that general trust in its capability could be restored.

Koivisto's term has been a calm time both in foreign and domestic policy. Thus all parties have been able to take their time in becoming accustomed to their new tasks.

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## SORSA, KOIVISTO VIEW POWER OF MEDIA DIFFERENTLY

Helsinki HELSINGIN SANOMAT in Finnish 13 Dec 85 p 6

[Text] President Mauno Koivisto does not agree with the Social Democrats' and especially with the SDP chairman Prime Minister Kalevi Sorsa's views on the growing power of the media.

In his interview in SOSIALISTINEN AIKAKAUSLEHTI, Koivisto says that newspapers used to be more influential alone than the media in general is now. Koivisto makes the point that before, in many countries, newspapers overthrew governments.

Neither does Koivisto agree with the claims about the media's centralization. In his view, communication has, on the contrary, diversified.

SOSIALISTINEN AIKAKAUSLEHTI, published by the SDP, has interviewed Koivisto for its 80th anniversary issue.

The magazine presents Koivisto with the following question about the media: "Especially in the last few decades, the power of the mass media has been felt to have grown, at the same time proprietary relationships in its sphere have become more centralized--without the citizen's freedom of speech increasing. Do you believe that society should do nothing about these claimed developments, or do you think that some kind of action is necessary?"

Koivisto replies, "As I understand it, centralization has not occurred; on the contrary. If one looks back, one could say that the newspapers' position used to be much more powerful than now. The broadcast media are nowadays successfully competing with the printed word. In many countries, newspapers overthrew governments. What has happened recently is that policy isn't made so much through articles anymore, but through the news. But communication has become more diversified.

"Of course, parallel phenomena often occur in the sphere of the media; everyone is faddishly a bit on the same side. It has also been fashionable to be in opposition to the parliament. Even in a diversified media similar characteristics have been apparent."

"Varied Information"



"As for the supposed increasing power of the mass media, I doubt that too," Kovisto continues. "I would think that the media, that is the newspapers, used to be more powerful alone than the media in general is now.

"At least people now have many kinds of basic information, primary education is longer, there are books and above all people receive very varied and contradictory information daily. So it is less likely than ever that the media would consistently lead the development of opinion, and more difficult than during the reign of earlier, more limited forms of media," says Kovisto in his interview.

Sorsa especially has talked about the growth of the media's power; last year he developed the idea of media-rule, infocracy, as a challenge to democracy.

#### Course Will Not Move East Or West

On Thursday, Sorsa did not want to comment on Koivisto's fresh interview pronouncements. "Let us give the president a good Christmas mood," Sorsa reasoned.

In the interview Koivisto is asked whether Finland has slipped westward, since it has joined EFTA, the European Free Trade Association, as a full member, and participates in the Western European technological cooperation project EUREKA. Communists especially have accused it of sliding westward.

"In the beginning of the autumn it was claimed that Finland has slipped eastward," answers Koivisto. He is apparently referring to the comments of the investigators from Turku about Koivisto so infrequently taking a stand on neutrality and about the direction moving a few points East.

"Our policy has not changed and will not change in the direction of the East or West," says the president.

Many times this fall, Foreign Minister Paavo Vayrynen has also denied changes in the line just as strongly.

Koivisto notes that in practice Finland has functioned as a full member of EFTA for a long time. According to the president, the question has been over what would be the right circumstance for changing Finland's associate membership into a formal full membership. Portugal's resignation and joining of the economic community seemed, to the Finnish parliament, like the right circumstance.

In past years, during the associate membership, Finland's foreign minister appeared at EFTA in his "personal capacity," which, according to Koivisto, was "an almost humorous phrase." This kind of duality has not existed for many years now, Koivisto says.

About EUREKA Koivisto observes that the initiators stressed its being a counterbalance to the strategic defense initiative, or Star Wars, put forward by the United States.

"In the EUREKA manifesto it is unambiguously stated that the program serves civilian ends. We have also emphasized this, and we will start from this in future as well. In the course of the journey we will see what the program develops into," remarks the president.

He also says that for a long time already, Finland has had corresponding technical and scientific cooperation, directed at pragmatic ends, with the Soviet Union and other Socialist countries.

12688/9738

CSO: 3617/45

## POLL FINDS WIDE SUPPORT FOR SDP-CENTER BASED COALITION

Helsinki HELSINGIN SANOMAT in Finnish 23 Dec 85 p 12

[Article: "Broad Support for Center and SDP Government"]

[Text] A full half of all Finns think that the current government composed of the Center and Social Democrats is the best possible one, and nearly 70 percent think that the new government should be formed on the same basis, if the parties' power relations do not change significantly in the next elections.

These results on the citizens' opinions were measured by Taloustutkimus Oy at the request of UUSI SUOMI. Taloustutkimus interviewed 974 citizens at the end of November.

To the question whether or not the current government base is the best, 56 percent answered yes and 36 no. There were not quite as many "yes" answers as there had been votes for the governing parties SDP, KEPU, RKP and SMP in the last parliamentary elections. Their percentage was 58.6 of the total votes.

The respondents were also asked how the Center's and SPD's administrative base could be improved. Forty-nine percent would include the Conservative Party in the parliament, 12 percent the SKDL and 12 percent all the parties. Nine percent thought that the administrative base would improve if the SMP were to leave the parliament.

The Conservatives' own voters and over half of the Kepu members were the ones to most clearly support Conservative inclusion in the government.

Over 69 percent of the respondents thought that the post-election parliament should also be composed of the Center and the Democrats. The voters of all the central parties, the Conservatives included, supported the present administration.

A straight nonsocialist parliament received 11 percent of the votes and a leftist one 5 percent.

Even of the Conservative supporters only 35 percent sided with a pure non-socialist parliament. In KEPU, support for a nonsocialist parliament was even lower, 11 percent.

Kalevi Sorsa (SD), the incumbent prime minister, was a favorite for the leadership of the post-election government as well, according to the poll. Forty percent of the citizens continued to support Sorsa as the prime minister; 17 percent supported the chairman of the Center party, Paavo Vayrynen, for the leadership of the parliament, and about 9 percent of the respondents would like to see the Conservative Chairman Ilkka Suominen as the prime minister.

The names of Sorsa, Vayrynen, Suominen were offered to the respondents as ready alternatives. The respondents could come up with other candidates for the prime ministry themselves. Kalevi Kivisto (SD), Ahti Pekkala, Christoffer Taxell and Pekka Vennamo (SMP) each received one percent of the support for the prime ministry.

12688/9738  
CSO: 3617/45

## STATEMENTS BY BORDEAUX MAYOR CHABAN DISTURBS RPR

Paris LIBERATION in French 12 Dec 85 p 4

[Text] Jacques Chaban-Delmas, the guest this evening on "Questions a domicile" on TF-1, is going to continue his low-key pursuit of the path to Matignon. This prospect draws mixed reactions from Chirac supporters.

Chaban is moving apace. This evening Jacques and Micheline welcome TF-1 into their Bordeaux apartment for "Questions a domicile," and the former prime minister certainly intends to use the occasion to take a few more steps along the path that leads to Matignon in 1986.

The mayor of Bordeaux has been a contender for some time. As early as December 1983 he was saying on television that "a politician is not finished until he is dead." But he has always advanced discreetly.

The broadcast tonight has been elaborately prepared down to the smallest details. His associates hired the services of a television crew and journalists to do a full-scale simulation of the program for the mayor of Bordeaux. After all, Chaban's image is not flawless. In addition to his age, he must contend with the persistent perception that he is excessively ambitious, as well as vague recollections about a "new society." If the former prime minister is aching for a chance to get back in the fray, he can take some comfort in the fact that he is indeed one of the small circle of candidates regularly mentioned for the 1986 race. Jacques Chirac, for instance, had him over for lunch last July.

Edouard Balladur, adviser to the mayor of Paris under Pompidou, played the role of silent witness. Clearly it was above all a game of cat and mouse. Each played coy, trying to draw the other one out. The RPR president rejected the idea of being Mitterrand's prime minister, and the mayor of Bordeaux explained that anyone who would accept the job would be a "kamikaze." They said their good-byes, and Chaban continued to tend his own affairs. "Believe me," he said in an interview in POINT in October, "I will not go back to Matignon for the pleasure of being there, and if you do see me there, it will be because it has been agreed that I should lead the country in accordance with the wishes of the new majority, but also in accordance with my own style and aspirations, which remain the same as ever." That is



exactly what disturbs the RPR. But not everyone. There are some in Chirac's retinue who, though they shudder at the idea that Mitterrand might choose Giscard, dismiss Chaban with the comment: "He will not be remembered."

Should he be stopped by a vote of censure, then? Some in the minority obviously think it is high time to light some counter-fires. "If Chaban is called to Matignon, he might well get a majority," worries one RPR deputy. Philippe Seguin is obviously thinking along the same lines. The national secretary of the RPR took to the battlements twice last weekend to explain that "while the president names the prime minister, it is up to the opposition to make sure that he does not have to choose him." It was a rather broad invitation. The glib constitutional interpretation--dubious in the eyes of many--served primarily as a means of taking a political position. If the opposition gets its act together and says that it wants to see (in this instance) Chirac at Matignon, it would make it very difficult for either Chaban or Giscard to accept. And Mitterrand, according to this line of reasoning, should see that the nomination of anyone but the RPR leader as prime minister would be censured. The remarks of the deputy from Vosges got a rather chilly reception in the ranks of the RPR. "The less one talks about it, the better off we are." The movement's line, tirelessly repeated, is simply that cohabitation does not mean compromise; and many believe it should just continue working for its legislative goal--to have the largest parliamentary group--in the belief that if it achieves this, its leader will naturally get the call to Matignon. "Furthermore," says Claude Labbe, "if we upset the public with dire predictions, we run the risk that this could affect the vote." The RPR's perspective on cohabitation is somewhat inconsistent: on the one hand, at the risk of painting itself into a corner, it boldly details its economic program day after day. The RPR general secretary himself, on "L'Heure de Verite," promised to "beat" unemployment by 1988. At the same time the RPR seems reluctant to talk about politics, at least publicly, and believes that there is no need to take a position on cohabitation. Meanwhile, Barre is planting his own banderillas. His most recent one, on the subject of the official recognition of the president by the prime minister who will take the nomination decree from his hands, was by no means the mildest. Throughout this time, Mitterrand continues putting together a consensus coalition, which according to several deputies heavily favors Chaban.

The RPR has still another worry. An intra-party poll, discussed Tuesday morning at parliamentary group headquarters, shows that the RPR has done poorly by comparison with the UDF in the composition of legislative lists: if the RPR and UDF ran on a combined ticket in one-third of the races and separately in two-thirds, as promoted vigorously by Jacques Toubon before the negotiations, Jacques Chirac's movement would have obtained 125 seats more than its partner in the opposition; but as things now stand, given the figures that came out of the negotiations (in this instance roughly the reverse, that is one-third separate lists and two-thirds combined lists), the RPR will apparently only have a 30-seat lead over the UDF. Disillusionment. Needless to say, it made quite an impression on the parliamentary group meeting. Jacques Chirac did not seem really pleased. There was a lot of

grumbling. Toubon spoke up against those in the ranks who pressed for combined lists, especially those in Vosges...Seguin's area. That did not help matters. According to one deputy, "it was bloody." Not at all, says Gabriel Kaspereit: "I think I must have been reading...and suddenly it all ended in a burst of laughter." Happy man.

9516

CSO : 3519/72

## MITTERRAND ATTEMPTS BALANCE IN AFRICAN POLICY

Paris LIBERATION in French 13 Dec 85 p 21

[Text] Francois Mitterrand, addressing the Franco-African summit in Paris, reaffirmed France's solidarity with the black continent against the threat to Chad. He added an appeal for unity in the face of Qadhdhafi's spreading activism.

One man facing 35. For the better part of an hour yesterday morning Francois Mitterrand savored the exceptional situation in which France finds itself: a privileged interlocutor vis-a-vis almost the entire continent of Africa. Notions like friendship, loyalty, and honoring commitments came up more than once in the lengthy and largely improvised remarks the president made before the 12th Franco-African summit meeting in Paris.

It was a political talk, and one that seemed like it could have been a campaign speech, if the African heads of state had been voters. Speaking during the course of a meeting which was much more peaceful and relaxed than previous Franco-African summits, Mitterrand gave detailed presentations of the broad themes of his policy, not without a certain hint of self-satisfaction: "France is more sensitive to the needs of your continent," he told his peers. "It is not more worthy than others, it simply has the history, the experience..." In passing he brought up the idea of a "year of Africa" to be observed in France, throughout Europe, and on the continent itself, along the lines of the just-finished "year of India."

Unavoidably, at a time when Roland Dumas is talking about the "sound of marching boots" north of the 16th parallel, Chad once again became a major topic of discussion. "France," said Francois Mitterrand, "will never agree" to a partitioning of Chad and "considers that it has a kind of solidarity with that country." At the same time, he took pains to reaffirm that France is "not the policeman of Africa" and that it has no obligations to states other than those with which it has signed defense agreements. The president also brought up the Franco-Libyan accord of September 1984, which he said was based on a "pure and wholesome principle: no foreign forces in Chad." "Respect for that accord is the Golden Rule for any return to peace," he said, adding: "France is entirely committed to that, so long as it is respected by others; if not, there is a real risk." In passing, Francois

Mitterrand tried out a new formulation: "France is a friend of Chad, but not an enemy of Libya."

There was a great deal of discussion about Chad. Already, on Wednesday afternoon, during private discussions among the francophones, Senegalese President Abdou Diouf provoked a burst of laughter by reporting the proposal made to him by Colonel Qadhdhafi in Dakar last week: to turn his occupation troops in northern Chad into an "intervention force" composed of Libyans who would deploy throughout all of Chad! The fact that such humor could be shared among chiefs of state shows that the tension over Chad has abated and that Mitterrand has at least succeeded in restoring the credibility of France's deterrent power. Another notable development was that Hisssein Habre paid homage to the support France has given him. All the same, little progress on Chad came out of the Paris summit: the innumerable mediators (Sassou Nguesso of Congo, Hassan II, Bongo, Diouf...) will simply have to continue their efforts.

Francois Mitterrand also brought up the Western Sahara, in the absence of Hassan II, who out of "fatigue" declined to participate either in the dinner Wednesday night or the plenary session Thursday morning. He did not make his appearance until Thursday afternoon, when he reaffirmed the right of every people to "choose its destiny." "Let what is done elsewhere be done there as well," he said: have a referendum under international supervision; "then everyone will abide by that decision."

Southern Africa closed the circle, with a commitment by France to continue its efforts to end apartheid, homage to imprisoned black leader Nelson Mandela, and support for the "frontline" countries.

On the subject of political problems, Mitterrand gave a watchword to his interlocutors: "Unite." Translation: unite to oppose the unpredictable and aggressive Qadhdhafi, whose impact on African youth was clearly seen during his visit to West Africa. Francois Mitterrand urged them to continue their nation-building efforts, "rather than succumbing to personal ambition."

The other major theme of the president's speech, a sort of Franco-African version of a "state of the union message," was Africa's economic crisis. Mitterrand's wide-ranging remarks on this theme covered everything from debt--it is necessary both that the debtor nations honor their commitments and that "the burden of that indebtedness be shared when its cost becomes unbearable"--to a call to "realism" on the part of African countries. He laid down three conditions for renewed growth in the economies of the South: lower rates of interest, decreased protectionism, and finally new public and private financial flows. "Our ideas are beginning to get a hearing," he said, predicting a "more favorable climate" for the Third World cause. Implicit was the realization that the French economy itself has its limits, and France can most effectively aid Africa by being its advocate in the international arena. "Both in debate and in action, you can count on the support of France," he said.

This basically informal summit primarily served to facilitate innumerable contacts between the various delegations. It also enabled France to test the condition of its relations with Africa: in the midst of economic and political turmoil on the continent, Paris seemed like a life-buoy to which everyone seemed to cling.

9516

CSO : 3519/72



## ESTABLISHMENT OF WORKERS REVOLUTIONARY PARTY

Athens ELEVTHEROTYPIA in Greek 30 Nov 85 p 5

[Textp Athens--the founding convention of the new revolutionary party, organized by the Greek International Union--Trotskyists, assembled on Nov 22, 23 and 24.

During the festive opening of the convention at the Sporting Club grounds the convention members voted a new name for the Greek International Union; it is now called the Workers Revolutionary Party.

The basic platform of the Workers Revolutionary Party includes "revolutionary internationalism, the struggle for an international socialist revolution, the struggle for its overthrow of the PASOK government and the establishment, in Greece also, of the dictatorship of the proletariat".

Delegations who participated and saluted the convention included a delegation from the Spanish section of the International Committee headed by the section Secretary Esther Romero, and a delegation from the British section of the International Committee headed by the noted actress Vanessa Redgrave, member of its central Committee. Redgrave is internationally known for her revolutionary activities.

Representing various movements were a delegation from the Organization for the Liberation of Palestine and from its president Yasser Arafat and a delegation from the Iranian Revolution, who also saluted the congress.

The congress was also attended by trade union representatives from the workers union. The congress reaffirmed its support to Jerry Hilli [phonetic spelling], leader of the International Committee of the 4th International.

The convention ended with the election of the central committee of the Workers Revolutionary Party, and of Savvas Mihal as secretary general.

13186/12948

CSO: 3521/62

## CHANGES IN PRO-ARAB GOVERNMENT POLICY ADVOCATED

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 1 Dec 85 p 11

[Article by Kostas Skouras]

[Excerpt] Athens--We do not know how much our famed "friendship" with the self-tearing "Arab Nation" has benefited us in other sectors of state-to-state relations. Yet we know (very reliably, in effect) that in the sensitive, as well as vital to our economy area of tourism, it has inflicted so many wounds as have never been inflicted by all of our traditional competitors together to date.

With the wounds still open from the June hijacking against TWA and Reagan's schizophrenic reaction which cost us over 200 million dollars in this year's proceeds from tourism, the second blow within the same year came this week. The brutal slaughter on board the Egyptian Boeing following an "opera-like" undertaking with appalling results.

The bereavement of twelve Greek families alone ought to be a deciding factor for us to review the famous "Arab opening" of our foreign policy. An opening which, to this moment at least, has anything but worked reciprocally. As it happens, though, the twelve vainly lost are not our only sacrifice to the altar of a "friendship" which increasingly proves to be more destructive than any of our enemies. There is also the crucial blow to our tourist industry (therefore to our economy) at a high cost indeed to the very factor that has been elevated today into our "most national" problem--foreign currency.

To begin with, after having rid ourselves of the "good Samaritan" complex and of certain ideologico-sentimental criteria in selecting "preferential relations", we must make it clear to our "friends" the Arabs and other third worlders that this land is neither an unfenced vineyard nor an extension of Islam and that they would be well advised to look somewhere else for bases for their political terrorism--and this does not include only the "air-transportable" terrorism. This has gone too far, their ingratitude as well. It is certain, though, that to crawl all too often apologizing for our airports or for security in our cities is not the best defense of our vital interests.

Second, it must be understood in all quarters that tourism is a (foreign) exchange carrier and in order for it to be promoted within one of the most tightly controlled markets, such as the world tourism marketplace, continual struggle and competitive promotion are necessary. However, without capital (important capital investment) these can not be realized. We do not ignore the economic conjuncture. But since tourism happens to be the main antidote to this conjuncture, it would be desirable that it be judged in the most favorable spirit within the climate of necessary frugality. As the prime minister said "there are still many benefits to be derived from our tourism".

13186/12948

CSO: 3521/62

## 'FIFTH COLUMN' MUSLIMS REPORTEDLY PROPAGANDIZE IN WESTERN THRACE

Athens AKROPOLIS in Greek 4 Dec 85 p 3

[Text] Athens--Agents of the Evren regime, under cover of a political club operating for years in the area under the name of Turkish Union of Xanthi, attempted to organize a "fifth column" with the Xanthi Muslims.

This disclosure-charge to the Greek authorities was made by Xanthi lawyer Panagiotis Saltouros who filed a lawsuit against the illegal Union and those implicated were asked yesterday to report to the District Attorney's office.

The Trial Was Set For 14 January 1986

A similar "union" was dissolved by court decision in Komotini a few months ago.

According to evidence and information gathered by Mr Saltouros this "union" was controlled by the Mufti offices of Xanthi and had never been involved in any cultural activity! On the contrary, it was a "Turkish hideout" where Muslim children were mustered by agents of Evren's regime and subjected to "brain washing" with issues of anti-Hellenic nature.

The Greek security authorities--we are informed--were aware of the activities of certain "eminent" members of the Muslim minority in Western Thrace.

## Flagrant Propaganda

They knew that the "fifth column" Muslims peaked their shameless propagandistic methods recently in order to establish a case of "Turkish" minority; even though it is known that there is no "Turkish," but Muslim minority in Western Thrace whose members are Greek citizens, enjoying the same privileges as the rest of the citizens but also having the same obligations. (They serve in the Greek Army, pay their taxes to the Greek State, etc.).

According to reliable information the Greek security authorities are aware that certain "centers" in Xanthi--as reference to the Mufti offices--are exerting pressure on the area Muslims to refrain from sending their children to Greek schools so they may demand that a Turkish school be established in Xanthi and thus better promote their propagandistic objectives.

13186/12948

CSO: 3521/62

## KKE: CONFRONTATION WITH PASOK, RAPPROCHEMENT WITH KKE(INT)

Athens ENA in Greek 12 Dec 85 p 12

[Text] For every step the government makes to the right, the KKE will answer with two steps: one to the leftist wing of PASOK and a second to the broader Left, particularly to the KKE(Int).

A former PASOK cadre who recently left the governing party described in this 'step-descriptive' way the meaning of Kharilaos Florakis' proposal for forming an "alliance for Allagi."

For the KKE leader, things are sufficiently clear.

First: "The economic measures are a political choice of PASOK to play the role of a force of alterability in power, in the frameworks of dependent capitalism."

Second: If certain personalities, groups and parties of the Left put aside "conditions and mentalities impeding the coalition of the Left," then forming the "leftist alliance for Allagi" remains "the only progressive solution for the country," in the words of the KKE leader.

Florakis' overture had the other communist party as a primary recipient. Two days later, the president of the KKE(Int), Leonidas Kyrkos, speaking in Omonoia Square, answered the "alliance for Allagi" with a proposal for a "new democratic majority." The difference in the two proposals seems to emerge from the KKE's estimation that "PASOK's leftist wing is now bloodstained and subdued and the only solution it has is withdrawing from PASOK and lining up with the communist Left."

Conversely, the KKE(Int) is apparently following with great interest the movements of PASOK's left wing and has recorded on its 1986 calendar the possibility of serious rearrangements within PASOK's Parliamentary Group and organizational staff. This, at least, is meant by the expression "new majority" which "does not occur without PASOK's left wing."

Discussion in the Chamber has shown the limits of both the KKE's proposal for a "coalition of the Left" and that of the KKE(Int) for a "new majority." Both Florakis and Kyrkos, when put face to face with the question, "Do you want the PASOK government to fall?", gave a negative answer. Despite the fact that these answers caused reactions within the two communist parties, they do sincerely express the political aspirations of the two parties: to become a stronger leftist opposition to a PASOK government.



These two targets, however--a strong left and a PASOK government--are proving, more and more often, to be contradictory.

In the meantime, not only convergences and cooperation--such as in the strikes and in GSEE [Greek General Confederation of Labor]--are being noted between the two communist parties; differences are also being recorded. For example, Kyrkos asked the KKE if the present opposition to PASOK's despotism means opposition to any form of despotism. Also, the KKE(Int) Central Committee criticized the KKF's stance on the recent Polytechnic events.

Nevertheless, the KKE is neither intimidated nor discouraged. "Whoever says 'no' to the coalition of the Left will pay very dearly. The people are not going to forgive him," notes a KKE official.

The fact is, the net Florakis' party is spreading in the broader Left is becoming thicker and thicker. Even though ten months remain until the municipal elections, the KKE has been flooding personalities and parties of the Left with alluring propositions for electoral cooperation.

On a local level, proposals have been made to KKE(Int) organizations, particularly in those areas where the communist Left's small party has supports--for example, in Nea Smyrni, Perama, or Irakleion, Crete.

Similar proposals are being made to cadres who earlier or recently left PASOK. RIZOSPASTIS has recently opened its columns to intellectual and scientific personalities, as well as trade-unionists, beyond the area of the KKE's influence. University professors such as V. Filias and G. Khoumouziadis, trade-unionists such as Kh. Kokkinovasilis and former PASOK deputies such as G. Evangelinos and V. Indzes are in the KKE's field of view.

The KKE's "operation overture" is expressed at the same time with an initiative in the publishing realm.

A new afternoon newspaper with a leftist orientation is being prepared. Its owners are reportedly successful publishers and booksellers, some of whom are friendly to the KKE. The goal of the new paper, as expressed by the publishers to journalists who are going to work with them, is to "cover the area from PASOK to the fringes of the KKE." No one, however, is able to confirm if this publishing initiative is included in certain plans of the KKE or if the new publishers simply foresee that the mobility in the area to the left of PASOK ensures their paper's success.

At any rate, irregardless of the outcome of the KKE's effort to make overtures to the broader Left, the fact is that the mobility in the area to the left of PASOK is, for all observers, the big question mark for 1986. "There is an empty space to the left. The question is, who will fill it," said recently Kostas Nikolaou, who left PASOK.

9247

CSO: 3521/71

## OBSTACLES IN PAPANDREOU'S WAY TO PRESIDENCY

Athens POLITIKA THEMATA in Greek 13-19 Dec 85 pp 12-13

[Excerpt] Certain voluntary or involuntary government reactions combined with a series of vague government explanations, but mainly the effort by the daily press for sensational news, have returned to the limelight the old and so-beloved scenario of talk about the presidency.

This time a special dimension has been lent to the issue since the publications almost take for granted the prime minister's vaulting to the presidential palace--an act which, if realized, will have radical repercussions on the domestic scene, since in essence it will mean putting Andreas Papandreou out of commission politically. Such a thing will have very broad effects not only on PASOK's future course but, more widely, on the country's domestic political area, influencing at the same time the internal affairs of all the political parties.

It is reasonable to raise the question of whether it is possible or, rather, feasible for a prime minister who wins elections with a pretty high majority to give up power after a few months. And more important perhaps: Can--and if yes, how--Papandreou muster the 180-vote majority needed for his election?

Such questions logically should have been answered before the outbreak of this new explosion of "talk about the presidency" which only ends in underlining the instability of the present status quo in our political affairs--an instability which, very simply, encourages conjectures and intensifies uncertainty.

This is not, of course, the first time the newspapers have written that Papandreou's more distant political target is to end up in the country's highest public office, the presidency. And that, after the second electoral victory on 2 June, the issue is only a matter of time. A few months after this second electoral victory, however, a serious "impediment" to a smooth course for Papandreou's possible vault to the presidency has presented itself: that is, the issue of revising the 1975 Constitution. According to this revision, the prime minister, the government and any accidental, or not, majority in the Chamber acquire nearly all the competencies of the president who, in the final analysis, ends up more as a ceremonial organ of the regime. This process began in the previous Chamber when, two times, with a three-fifths majority (that is, 180 votes), the PASOK and KKE deputies voted in favor of revising the constitution.

The only thing left now is a new debate and voting, which this time requires only a simple majority, that is 151 deputies, to complete the entire process of

revision. As is known, PASOK by itself has the required majority since it has 157 deputies.

The big question is: Will Papandreou want to vault to the presidency after the constitution has been revised, leaving all the constitutional superpowers to the prime minister who succeeds him? Or will he, in the end, give up the revision which, according to the constitution, will have to be completed by the end of the new Chamber's First Session, in other words, by the middle of June?

But the questions are not exhausted at this point. They continue in an equally interesting vein, at least from a political standpoint. Let us suppose that PASOK finds an "excuse" and abandons the process of revising the constitution and, in the end, Papandreou decides to be a candidate for the presidency.

First, how does he get rid of Khr. Sartzetakis, whose reign thus far has in no way convinced that he can easily be persuaded to leave the presidential palace before the time since his election has been completed?

Second, what kind of political "exchanges"--and to whom--will PASOK have to offer to secure the 180 votes for election? PASOK at present has in the bag 157 votes of its own deputies and four more of those elected on its ballot (Mavros, Zigdis, Psaroudakis and Glezos). For 180, 13 to 14 more deputies are needed. Where will it find them?

To secure them, it will have to turn to either the KKE or DI.ANA. [Democratic Renewal]. But with what exchange? Logically, there is only one which might entice these small parties: the simple proportional system. Will it vote for it immediately or promise it for a subsequent time? Or, to mention an even more extreme case: Does Papandreou have the stamina to negotiate a cooperation with Kostas Mitsotakis so he can vault to the presidency? What can he, and what is he willing to, offer to ND in such a case? And what will Mitsotakis demand from him to cooperate? A mandate to form a government at the least.

A general review of the situation shows there are many difficulties for a quick vault by Papandreou to the presidency, difficulties relating both to the method of securing the required 180-vote majority and to the constitution's revision. This is without including the time factor, when, now justifiably, Papandreou faces the possibility of the people who voted for him in June being upset and charging that he is abandoning the battle of the economy with which he has embroiled the country with his policy since October 1981.

9247

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## POLL ON PARTY PREFERENCE, CHOICE OF PRIME MINISTER

Rotterdam HET VRIJE VOLK in Dutch 7 Nov 85 p 3

[Article by Frits van der Poel: "Another Series of Opinion Polls by HET VRIJE VOLK/VARA/Interview (De Hond): PVDA Now Up to 60 Seats"]

[Text] The Labor Party [PVDA] has continued its climb in the past month and is now up to 60 seats. The CDA-VVD coalition still lacks a majority.

These are the most important data from the poll by the Maurice de Hond Interview Bureau, which we are publishing here.

With these figures, the pollster notes that the rise of the PVDA for the last 2 weeks has been centered around the debate on cruise missiles. After the general debate in Parliament, the PVDA declined somewhat. In addition, the VVD has risen from a loss of 10 seats in October to a loss of 9 seats in November, which gives the coalition 71 seats (was 70).

In the meantime, there is still a rightist majority if we include the seats of the small Christian parties.

It is interesting that 26 percent of the CDA voters from 1982 prefers a CDA-PVDA government. Thus, a not insignificant minority. This throws new light on recent statements by the CDA lead candidate, Lubbers, to the effect that he does not want to make the present coalition the main issue of the campaign, but rather the CDA program.

It will be obvious that the CDA and the VVD will continue to govern together if they hold on to the majority, but with an eye to that 26 percent of his supporters that want a coalition with the PVDA, Lubbers will want to keep the door towards the PVDA at least cracked. And he cannot do this openly without clearly losing many CDA supporters to the VVD. Nijpels and Wiegel are already campaigning in this direction. Thus, a difficult task for the CDA lead candidate.

What Lubbers does have is great popularity. He is still far ahead of Den Uyl in this respect. Is this why Lubbers said after the CDA party congress that the election was primarily between him and Den Uyl?

On the question of who should be prime minister, Lubbers is entirely on top. But that is a little distorted by the large number of PVDA voters who name not Den Uyl, but other party members, such as Wim Kok and Marcel van Dam. Twenty-six percent of PVDA voters see "the emergence of a second Den Uyl cabinet" as clearly unworkable.

Table 1. If Voting Were Held Now...

If the elections were held today, the outcome would be:

Party	Percentage			Seats		
	1982 elec.	Oct. 1985	Nov. 1985	1982 elec.	Oct. 1985	Nov. 1985
PVDA	30.4	38.1	38.8	47	59	60
CDA	29.3	28.1	28.3	45	44	44
VVD	23.1	17.1	18.0	36	26	27
D'66	4.3	4.0	4.0	6	6	5
Small leftist	5.7	5.0	4.6	8	7	6
Small rightist	4.2	4.5	4.4	6	6	7
Other	3.0	3.2	1.9	2	2	1
	100	100	100	150	150	150

Compared with the October poll, very little has changed in the proportions of power. The Labor Party gains a seat, the VVD loses one less, and D'66 is in a less favorable situation.

The CDA-VVD government coalition stays at a minority of 71 seats (in October: 70).

Table 2. Current Issues: "Lubbers Should Have Gone to Moscow"

Should Prime Minister Lubbers have accepted the invitation to go to Moscow before making a decision on deployment [of cruise missiles]? The voters are clear. Sixty percent think that he should have done so.

Group	Percentages		
	Yes	No	Don't Know
All voters	60	30	10
CDA voters in 1982	53	[data not given]	
VVD voters in 1982	36	[data not given]	
PVDA voters in 1982	84	[data not given]	

Table 3. Current Issues: With Whom Does Lubbers Want a Coalition After the Election?

In connection with the statements made by Lubbers after the CDA party congress to the effect that the CDA program is the main issue of the campaign and not the present coalition, we asked the voters what they think Lubbers' preference is. A government with the VVD or one with the PVDA.



Fourteen percent think that he is pursuing a cabinet with the PVDA.

<u>Lubbers</u>	<u>1982 CDA voters</u>	<u>Percentages</u>	
		<u>1982 VVD voters</u>	<u>1982 PVDA voters</u>
Wants coalition with VVD	53	64	54
Wants coalition with PVDA	14	7	23
Has no preference	23	22	14
Does not yet know	10	7	6

Table 4. They Are Going to Vote

Even now, a high turnout can be expected for the May 1986 parliamentary elections, at least if the voters do what they say they are going to do. Eighty percent know for sure that they are going to vote, which is one percent more than last month. Half of the voters know that the elections are being held in May.

<u>Are you going to vote?</u>	<u>Percentages</u>
Yes	80
Probably	13
Probably not	2
No	6

Table 5. Preferred Combinations

Those people polled could also indicate which coalition combinations they preferred after the election. The present CDA-VVD coalition is a clear winner over a PVDA-CDA combination, but it is striking that 44 percent want the PVDA in the government somehow.

<u>Preference</u>	<u>All Voters</u>	<u>Percentages</u>		
		<u>1982 CDA Voters</u>	<u>1982 VVD Voters</u>	<u>1982 PVDA Voters</u>
CDA + VVD	38	55	79	7
PVDA + CDA	20	22	3	35
PVDA + VVD	5	2	4	11
PVDA + CDA + VVD	3	2	3	2
PVDA + Small Leftist	10	0	0	21
PVDA + no preference	6	0	0	11
Total with PVDA	44	26	10	80
Don't know	18	19	11	14

Table 6.

The next elections are being held on 21 May of next year. Slightly more than the majority of those polled do not know this: 52 percent. This is four percent less than last month. Forty-six percent know that it is in May, while three percent know the exact day.

Table 7. Chances

All voters were asked for which parties they could potentially vote. Voters were thus able to indicate the party of their second or third choice. On this basis, it can be determined where the maximum support for a party is at the moment.

From the figures it appears that the PVDA could get 41 percent, the CDA 36 percent, which is four percent less than in October. It is also striking that D'66 is potentially two percentage points larger than in October, while the party scores somewhat lower on the question of how one would vote if the election were held today.

<u>Party</u>	<u>Percentages</u>	
	<u>Nov.</u>	<u>Oct.</u>
PVDA	41	41
CDA	36	40
VVD	27	26
D'66	13	11

Table 8. This Is Important

We have determined which political topics are important to voters in deciding their own voting preference.

We asked those polled to indicate in which of the issues named by us they accept no difference of opinion between the position of the party of their choice and their own opinion.

<u>Issue</u>	<u>Percentages</u>	
	<u>Nov.</u>	<u>Oct.</u>
Cruise missiles	56	56
Nuclear power plants	50	48
Euthanasia	42	50
Level of minimum income	40	44
Business climate	38	40
Combatting unemployment	35	30

Table 9. The Favorite

To the "open" question of who should be prime minister in an upcoming cabinet, the answer of CDA and VVD is clear: Lubbers. Compared with October, he rose another three percent. Den Uyl also climbed three percent, but remains far behind Lubbers. This is primarily because of the fact that 26 percent of PVDA supporters name other people for the position of prime minister as well, including Wim Kok and Marcel van Dam.

Percentages

<u>Candidate</u>	All Voters <u>Nov.</u>	All Voters <u>Oct.</u>
Lubbers	40	37
Den Uyl	18	15
Others	10	12
Don't Know	32	36

Key:

1. 1982 PVDA voters
2. 1982 CDA voters
3. 1982 VVD voters

Table 10. Confidence

The voters were asked about their confidence in the four lead candidates. Lubbers remains at the top. His support is still considerably larger among VVD voters than is Nijpels'.

Compared to October, confidence in everyone has dropped, as you can see, but least of all for Lubbers.

Percentages

<u>Candidate</u>	All Voters <u>Nov.</u>	All Voters <u>Oct.</u>
Lubbers	45	46
Den Uyl	32	36
Nijpels	24	27
Van Mierlo	23	25

Key:

1. 1982 PVDA voters
2. 1982 CDA voters
3. 1982 VVD voters
4. Lubbers
5. Den Uyl
6. Nijpels
7. Van Mierlo

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CS0: 3614/29

## POSITION, STRATEGY OF D'66 PARTY VIEWED

Amsterdam DE TELEGRAAF in Dutch 3 Dec 85 p 7

[Commentary by Kees Lunshof under the "Politics" rubric: "PVDA Defense Policy Good for Van Mierlo"]

[Text] The D'66 party leadership and list leader Hans Van Mierlo were pleasantly surprised last Saturday by the attendance at the D'66 congress. Even though there was nothing on the agenda, some 300 members took the trouble to travel to Breda.

The members' enthusiasm was great. Van Mierlo's occasionally very witty speech increased the happiness. But it remains to be seen whether that alone is sufficient for the party to win real power and influence. To do that, the Democrats will have to manage to win at least five percent of the seats.

## Blind Spot

In serious polls the Democrats receive just above three percent, occasionally higher. Thus far all Van Mierlo has been able to do is to get the party out of the "blind spot," as he himself calls it.

Whether a party does well depends on a number of factors: the list-leader, the electoral program, the atmosphere surrounding the party, and above all the space left by the other parties. On most of these points the Democrats are having a hard time of it.

PVDA, CDA, and VVD do not plan to consider D'66 one of themselves. This leads, among other things, to their paying little or no attention to challenges from the Democrats. They will keep D'66 out of the TV debates before the elections. D'66's positions provoke no response.

This makes it difficult to attract attention to either the list-leader or the electoral program. As far as the program goes, that really does not matter so very much. It is traditional with D'66 that their voters think the electoral program contains whatever they believe in themselves. Even if it contains something entirely different.

## Support

Furthermore, the content of the program offers little support. First it agrees with VVD (media policy), then with PVDA (rejects new nuclear generating plants), then with some eccentrics within PVDA (compulsory shortening of the work-week), then with the governing parties and the cabinet (reform of the social security system). This makes it pretty difficult for voters to identify with the party.

That is why Van Mierlo has to swim against the stream. He is without any doubt the only person in the party able to do something. He is a very intelligent man with a feeling for politics. But he too cannot make bricks without straw. At best he might manage to do that if he comes up with something completely new. Falling back on the idea of an elected prime minister or reintroducing the district system will not help in any case.

Nonetheless, there is one outside event that might favor the Democrats: PVDA's stand on the cruise missiles. As more and more PVDA'ers discover that a vote cast for that party is as good as a vote to keep the party in opposition, since the Socialists are unwilling to make any gesture at all toward the center on this point, we cannot rule out the possibility that a large number of them will seek refuge with D'66.

The congress still has to confirm Van Mierlo's policy of putting an end to the cruise missile debate. But as soon as that has occurred, they can again take up the approach which Terlouw too has already outlined: D'66, the reasonable alternative to those pig-headed Socialists.

It was in part because of this that the party won 17 seats in 1981, and PVDA lost 10. A repetition of that tremendous success is not on the cards, but some gain at PVDA's expense is far from impossible. But for that to happen, this line has to be made clear. The flummery that Van Mierlo has connected with the end of the cruise missile debate (probably more negotiations after all with the United States if PVDA will just be prepared for its part to make concessions) will have to be dropped. However annoying he may find that for his PVDA friends.

If all this comes about, then the situation will not be devoid of irony. It may be that the party that has traditionally preferred to govern with PVDA can only win elections if PVDA keeps itself out of power. And that brings up the question of what D'66 is going to do after the elections. That is yet another problem for the always wavering Van Mierlo, who did not come back into politics in order to sit in the bank benches of the Second Chamber for 4 years.

Where PVDA has shut itself out, must D'66 join a CDA-VVD cabinet? In principle that cannot be ruled out, as long as the present coalition's policy is altered. That is never a problem. Any party can join a cabinet with the shout that policy has been altered, even if the other parties declare in turn that it has not.

The question remains of whether D'66 wants to join such a cabinet. If CDA and VVD together win a majority, we can rule out that possibility. VVD will not want D'66. Including D'66 would not be entirely inconvenient for CDA, but that would not be very attractive for D'66. And if CDA and VVD do not have a majority but still have to govern, then D'66 will have to choose between participating itself or tolerating the formation of such a cabinet. That will be another nice, sociable discussion within the party.

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CSO: 3614/45

## POLL SHOWS CENTER-RIGHT COALITION TO RETAIN POWER

The Hague ANP NEWS BULLETIN in English 30 Dec 85 pp 1-2

[Text]

The Hague, December 30 - The centre-right coalition government of Christian Democrats and Liberals has enough support to retain its majority in parliament, poll results published at the weekend show.

The poll shows the Christian Democrats good for 47 seats and gives the Liberals 30. The combined total of 77 for both parties would give the coalition a four-seat majority.

In an election the poll results would have produced the following distribution of seats in the 150-member second chamber of parliament (September 1982 elections results in brackets):

Christian Democrats 47 (45), Labour 54 (47), Liberals 30 (36), Democrats '66 6 (6), other left 7 (9), other right 6 (7).

The grouping 'other left' refers to the CPN, EVP, PPR and PSP parties. The grouping 'other right' refers to the CP, GPV, RPF and SGP parties.

The poll was conducted by the Netherlands Statistical Foundation (NSS) on behalf of the Tros broadcasting association.

The Tross poll appears to confirm a modest recovery for the Liberals and a decline in support for the main opposition Labour party which was polling more than 60 seats earlier this year.

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CSO: 3600/22



## CHRISTIAN PARTY CHAIRMAN ON ATTITUDE TOWARD PROGRESSIVES

Oslo AFTENPOSTEN in Norwegian 30 Dec 85 p 3

[Article: "Politically Poor Opposition"]

[Text] "The spectacle we witnessed during the budget debate demonstrates the political poverty and lack of perspective of the opposition. It is clear that Carl I. Hagen and the Labor Party both find it in their interest to claim that Hagen and the Progressive Party (FRP) are now an integral part of the coalition government," the parliamentary leader of the Christian People's Party, Harald Synnes, said in a New Year's interview.

Synnes pointed out that the areas in which Hagen achieved additional spending, 201 million kroner, are also areas in which the Christian People's Party had wanted to spend additional resources. He said that the changes and additions that had been made were no greater than usual in budget compromises.

In response to a question from FOLKETS FRAMTID on his position toward the FRP, Synnes said: "They have made clear that they prefer a nonsocialist government. This is why the present government has remained in power."

'That Is OK'

"If this is what they mean by a parliamentary base, then it is OK. The point about the Progressive Party, however, is that it is far away from reality in our political environment on a number of issues. These issues include aid to developing countries, regional policy, and the belief in far-reaching market liberalism and the free reign of market forces," Synnes said. He pointed out that, in its initial proposal, the Progressive Party had supported budget cuts of 30 billion kroner. "This is the main characteristic of the FRP," said Synnes, who clearly rejected any ties to the Progressive Party on these issues.

More Constructive

"During many years of minority governments under the Labor Party, the Christian People's Party was careful to act in such a way that the government did not become dependent on any party on the left. For this reason, we want and expect a more constructive position on the part of the Labor Party than we have seen so far. Considering the composition parliament now has, the Labor Party should do more than stand by its original proposal and advocate its alternative budget," Synnes said.

## WESTERBERG DESCRIBES LIBERALS' TAX POLICIES

Stockholm SVENSKA DAGBLADET in Swedish 16 Nov 85 p 3

[Article by Bengt Westerberg, Liberal Party chairman]

[Text] Just before the 1985 election, a physician in Varmland wrote a letter to the editor of EXPRESSEN asking whether it was reasonable for him to be better off chopping wood for his furnace than caring for waiting patients. The reason for that odd situation is, of course, his high marginal tax.

His question can be answered in a number of different ways.

The Social Democrats and Conservatives seem to agree on one point: if his unreasonably high marginal taxes are to be reduced, then it is necessary, for reasons of fairness, to also reduce taxes for almost everyone else. But that common starting point leads them to different conclusions.

#### Cannot Afford it

The Social Democrats feel that they cannot afford to put through such a general tax reduction. So they are not doing anything for those in the highest marginal tax brackets either. The physician will have to continue chopping wood, and the patients will have to continue to wait.

The Conservatives reach the opposite conclusion. The physician's marginal tax must be reduced, but then we must also reduce everyone else's.

The problem is that doing so will cost a lot of money. Implementing their proposal, which would reduce the marginal tax to 40 percent for the majority of full-time workers, would cost about 12 billion kronor. Exactly where they want to trim expenditures is not clear, but a few examples have been mentioned, among them labor market policy, sickness benefits for long-term illnesses, and aid to developing countries.

#### Different Reasoning

In the Liberal Party, our reasoning is different. It must be possible to correct distortions in the tax system even if that means tax relief for people

who are already well off materially and without necessarily compensating others for that relief. We say that those paying the highest marginal taxes are an example of a distortion that there are very strong reasons to correct.

In principle, it is desirable that we be able to return to a more proportional income tax. Doing so would make the tax system simpler and easier to grasp. It also means that the tax system would no longer favor part-time workers at the expense of full-time workers to the extent that it does now. And that would provide another advantage--it must be worthwhile to work!

#### Tax at Turn of Century

In a speech delivered in the fall of 1983, I outlined such an income tax scale for the turn of the century. Generally speaking, it consisted of two tax rates: one of 40 percent and another--for very high incomes--of 60 percent. In my opinion, such a tax scale from that perspective is realistic, but it would take a rather long time to put it into effect.

The reason is that the tax policy must also be part of the context of public finance. The budget deficit must be reduced further in coming years, and that must happen partly as a result of lower government spending. A rather tough struggle will be required to accomplish that task.

Cutting back several billion more kronor on top of that in order to finance large tax decreases as well is something that we have not considered possible.

#### Not Impossible Technically

Obviously, doing so is not impossible in any technical sense. It is possible to reduce spending as long as one is willing to accept the consequences.

But when we went through the government's expenditures and saw what the results would be, we found that we could not recommend such drastic spending cuts. This has nothing to do with "courage" or "vigor." It is a matter of political assessments.

#### Almost Everyone

So if we must be content with smaller adjustments to the marginal tax, it is important to use the funds we have to work with so that they will do as much good as possible. We believe we can achieve that goal by reducing the highest marginal taxes--that is, those of over 50 percent. We have therefore proposed a reform over the next few years that would allow almost everyone to keep at least half of any extra income or increase in income.

The Social Democrats and Conservatives have objected in chorus that such a reform would only favor those who are already rich. There is something to that over the very short term, and we have never denied it. We are proposing the reform because we believe that it would have a positive effect on economic growth and, consequently, on the possibilities for raising everyone's standard of living.

## Even in the Short Term

But even in the short term, that reform may have positive effects on the distribution of income.

The physician in Varmland would find it more worthwhile to help patients than to chop wood. His patients would surely be thankful, even if they themselves did not get a tax cut at the same time.

## New Poor

When the Conservatives criticized our tax policy, they claimed that their own policy would benefit low and middle income earners and even that it would reduce the number of those who have been called the new poor--that is, the number of people receiving social assistance.

The truth is that the Conservative proposal provides tax relief for those earning between 70,000 and 130,000 kronor. The cuts on the low end are small--for someone earning 90,000 kronor, the reduction would amount to a couple of thousand kronor, while for someone earning 130,000 kronor, it would come to about 5,000 kronor. High income earners would get more than they would under the Liberal Party's proposal.

## Only One Side

Moreover, tax reductions are only one side of the picture. They must be paid for by reducing expenditures. Many of those cutbacks will have to be paid for by low income earners and the new poor in the form--for example--of lower unemployment benefits, cutbacks in labor market efforts, and deteriorating sickness benefits for long-term sickness.

The Conservatives have talked a lot about reducing the "circular" path of money--that is, the money which households pay in taxes to the state and which then comes back to those same households in the form of allowances. The problem is that the Conservatives have found it very difficult to state more precisely which allowances they want to reduce.

## Protection Against Inflation Important

Just as important as reducing marginal taxes is the need to ensure the permanence of the adjustments made. This requires that the tax scale be protected from inflation--that is, that the scale be adjusted every year to reflect inflation. If that is not done, a given real income (corresponding to unchanged purchasing power) will gradually be taxed more and more heavily.

On that point, we, the Conservatives, and the Center Party have reached an agreement, while the Social Democrats have adopted a position of non-stand. During the election campaign, the Social Democrats supported on several occasions that the tax scale would be adjusted for inflation in 1987.

Some time ago, when I asked the minister of finance what he really intended to do, he admitted that he did not know. That is a bad sign.

### More Than One in Three

If protection against inflation is to be effective, it must naturally be based on actual inflation. That is the common nonsocialist view. But the Social Democrats prefer to base it on their inflation goals or perhaps on their goals with respect to wage increases.

The problem is that those goals--or forecasts--are regularly below the actual situation. So if the tax scale is adjusted on the basis of those goals, the result will be an increase in the tax burden and in marginal taxes. That is what has been happening in recent years: one of the goals of the tax reform was that not more than one out of five wage earners working full time would have a marginal tax of over 50 percent. But next year, more than one out of three will fall into that category.

### Only Once

I believe that over the past 15 years, it has happened only once that inflation turned out to be lower than the government's forecast at the beginning of the year!

Inadequate protection against inflation tends to drive up wage increases. If wage earners must try to obtain compensation for the higher taxes that automatically result from inadequate protection against inflation. An inflation-protected tax scale is therefore a weapon in the fight against price rises!

An objective discussion concerning tax policy is welcome, and it will be held if the parties openly state their alternatives and evaluations. We will gladly participate in such a debate.

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CU: 3690/70

## POSSIBILITY OF NEW ELECTIONS DISCUSSED

## Politicians Discuss Rumors

Stockholm SVENSKA DAGBLADET in Swedish 25 Nov 85 p 10

[Article by Emily von Sydow]

[Text] Over the past week, rumors to the effect that the Social Democratic steering committee is preparing for new elections have been circulating in and around the Government Office.

Liberal Party leader Bengt Westerberg says: "It is an attractive thought, in a way, that the voters should be allowed to take a stand on proposed cutbacks that the Social Democrats never mentioned before the election."

Westerberg considers it "unlikely," however, that the Social Democrats will call new elections this spring if the government has trouble getting its budget proposals through Parliament.

"Great Concern"

But there are reports of great concern within the Ministry of Finance that the government will not be able to muster a majority in Parliament in support of its budget proposals.

But Bo Toresson, Social Democratic party secretary, denies all rumors that the steering committee has discussed new elections:

"We have not conducted discussions in those terms. Our starting point, naturally, is that we will succeed in implementing our budget, which is aimed at continuing along the current path, with continuing growth, higher employment, and slower inflation."

Speculation

According to Toresson, the speculation over the past few days "surprised" him, since the steering committee has never mentioned new elections during its recent deliberations.



The Conservatives and the Center Party say they are well prepared for new elections. Party secretary Georg Danell (Conservative) recalls that Conservative Party leader Ulf Adelsohn has also viewed new elections as a solution to the government's dilemma, which he expresses this way:

"Economic reality does not correspond to the picture presented by the government during the election campaign. Either the government must practice what it preached during the campaign or it must betray its voters with its proposed cutbacks," Danell explains.

#### Center Party Welcomes Idea

According to Anders Ljunggren, the Center Party's deputy party secretary, that party would welcome new elections as a way of strengthening its own position:

"The government knows that it is in a weak parliamentary situation and that it is in danger of losing on important issues. If the Social Democrats want new elections, we can only be pleased with the idea."

In the Left Party-Communists, party secretary Kenneth Kvist emphasizes that new elections are not something his party is looking for so soon after the election campaign just concluded.

Kvist says: "But if the Social Democrats intended to use the talk about new elections as a means of applying pressure, it isn't going to work as far as we are concerned. We will take an objective stand on the proposals before us."

#### Editorial Comment

Stockholm SVENSKA DAGBLADET in Swedish 25 Nov 85 p 2

[Editorial: "Talk of New Elections"]

[Text] Olof Palme lost his first election campaign as party chairman in 1970. Next he lost the 1973 election, and we wound up with something as unique--even from the international standpoint--as an evenly divided Parliament. Then Olof Palme lost both the election and control of the government in 1976. And despite a certain amount of nonsocialist turbulence, Palme failed again in the 1979 election. The three nonsocialist parties were reelected for one more--and it was literally just one more--term, in which they were able to continue governing with no change in parliamentary support.

Not until 1982--13 years after he took over as Social Democratic Party chairman--was Olof Palme able to record his first real election victory. He was able to return to the Government Office in the company of good friends.

But in the 1985 election, it was again time for Olof Palme the loser. The Social Democrats lost seven seats in Parliament. The government is still in power, but the parliamentary undergirding for its work has changed completely. The nonsocialist parties combined are larger than the Social Democrats. Unlike the situation during its previous term of office, the government will

be dependent for the next 3 years on active communist support in order to push through its policy in the face of nonsocialist opposition.

It is as a consequence of the 1985 election results that the discussion about new elections is now getting underway. And the absurdity of that discussion is made clear by the election record chalked up by Palme's Social Democratic Party in previous years.

Not even following the 1973 election, which resulted in a dead heat between the blocs, did Olof Palme seriously consider putting his control of the government on the line. He and his government managed to struggle along.

Now the Social Democrats have managed to hang on to control of the government by the skin of their teeth. It took an unprecedented election campaign to do so. The campaign began earlier than it ever had before--it got underway immediately after the new year had started, or more than 6 months before election day. And it required an unparalleled amount of money. The election campaign put a substantial hole even in the funds of the very rich labor movement.

Enormous effort and a tremendous investment in time and money lie behind the continuation of the Social Democrats in power.

It is naive to the point of being ignorant to imagine that Olof Palme and his party will jeopardize that investment by playing for double or nothing.

The latest SIFO poll again shows a clear nonsocialist majority among the voters: 50.5 percent support the nonsocialist parties, while the Social Democrats and Communists combined have the support of 47.5 percent of the voters.

According to speculation in DAGENS NYHETER--based on reports from coffee klatches in the Government Office--the government is prepared to call new elections if the savings goals included in its upcoming draft budget are wrecked by the opposition.

In other words, ruling Social Democrats in a weak position from the standpoint of public opinion would be calling a new election to push through a policy involving larger cutbacks in social and other spending than those the nonsocialist parties are willing to accept!

Anyone who believes a whopper like that can scarcely have been in the country during the latest election campaign.

But this does not prevent the government and its PR men from having every interest in the world in keeping the talk of new elections alive. The latest election was one in which they lost. In one way or another, support for government policy must be created. The bleeding Center Party is an obvious target for Social Democratic propaganda strategy relying on the threat of new elections.

The Center Party lost nearly one-third of its voters in the election. And SIFO's figures indicate that perhaps half of its remaining voters might desert the party if another election were held. That is why the Social Democrats are starting the discussion concerning new elections.

If the Center Party's members of Parliament could be made to believe that made-up story about new elections, half the battle would be won for the Social Democrats.

But those members of Parliament are surely more intelligent than "independent" news reporters and Social Democratic editorial writers. The Social Democratic Party's biggest loser of all time--Olof Palme--will never voluntarily cooperate in the holding of elections in this country--naturally, we are talking about new elections--as long as he is prime minister.

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CSO: 3650/81

## FOREIGN MINISTER'S VIEW OF SOVIETS CRITICIZED

Stockholm SVENSKA DAGBLADET in Swedish 25 Nov 85 p 2

[Editorial: "Sten Andersson on the Wrong Track"]

[Text] In one and the same interview with the TT, our country's new minister of foreign affairs, Sten Andersson, has tried to lend credibility to the idea that he trusts the Soviet Union's intention to discontinue its submarine intrusions as much as he does reports by the OB [supreme commander of the Armed Forces] and the Armed Forces that those intrusions are continuing.

The whole thing results, naturally, in an intellectual mishmash that defies description.

It will be very unfortunate if Sten Andersson is also dragged down into that swamp of muddled thinking in which Lennart Bodstrom became helplessly caught.

Following Bodstrom's example, Sten Andersson is trying to resolve the conflict between the fact that the intrusions are continuing and the fact that the government wants to trust the Soviet Union by pointing out that it has not been possible to determine the nationality of the intruding submarines.

It is possible to resolve the conflict in that way. But the inescapable meaning of that solution is that the submarines are from some NATO country! Otherwise, we can only say that we do not know whether we can trust the Soviet Union. We cannot say, as Sten Andersson does, that we "assume" that the Soviet Union is not sending any more submarines into Swedish waters, because the submarines are here and if the Soviet Union or one of its vassal states is not sending them, they must belong to some NATO country.

The Swedish Foreign Service has plenty of trained analysts with a good knowledge of security policy, the Soviet Union, and the diplomatic game.

Is it not possible for Sten Andersson, who is, after all, an intelligent and sensible man, to ask one of them to devote one morning to giving his new chief a detailed rundown on the situation with the Soviet Union, submarine intrusions, and diplomatic protests? After all, it is really not so hard to do.

We know that the intrusions are continuing. In other words, there are still foreign naval boats deep within our waters, just as there were in Karlskrona in 1981 and in Hars Bay in 1982. There are many indications that now as well, they are submarines from the Warsaw Pact. And there is really no one saying that the submarines are from the West.

Since we have no reliable proof, we cannot have recourse to diplomatic action. But this does not invalidate the fact that in any connection other than one concerned specifically with diplomatic measures, we, other observers, the Armed Forces, and the government must assume what is indicated by overwhelming probability, and that is that it is submarines under Soviet command that are violating our waters.

Precisely as Lennart Bodstrom did at that famous dinner which led eventually to his dismissal, Sten Andersson is now rendering himself guilty of the mental lapse of allowing the submarines to fade away because their nationality has not been determined. There is really no reason why the new minister of foreign affairs should follow in his predecessor's precise footsteps in this respect.

11798

CSO: 3650/81

## EUROPEAN CAPABILITIES, EXPECTATIONS FOR EFA REVIEWED

Bonn WEHRTECHNIK in German Oct 85 pp 16-23

[Article by Erhard Heckmann: "Fighter Aircraft 90--An Interim Report--Will France Stay Outside?"]

[Text] The meeting in Turin on 1 August 1985 of the five armament directors of the United Kingdom, France, Italy, Spain and the FRG, held for the purpose of establishing the design of the European fighter aircraft and completing the feasibility study of the industry, had not led to the desired result. Instead of [being signed by] five countries, the minutes were signed by only three. Reservations, even though for different reasons, were put forward by France and Spain. However, since the beginning of September the Spanish delegates have taken part and, like their colleagues from the United Kingdom, Italy and the FRG, have occupied a floor at Arabellastrasse 16 in Munich so as to complete work on the planning phase and later to begin with the definition phase, which is to run until June 1986. This report will concern itself with the state of the EFA program "after Turin," will shed light on several background aspects, and will also engage in a certain amount of speculation, for sometimes it is not what was said, but what was not said, that matters. This is therefore an interim report, not one prepared at a milestone in the program.

Rarely has more diplomatic activity been noted to accompany an international armament program than in the attempt to realize the European fighter aircraft (EFA) on a five-nation cooperative basis. Let us review what has happened to date:

On 16 December 1983, the air force commanders of the five participating countries had agreed in Cologne-Wahn on a basic requirement OEST (Outline European Staff Target), which provided ranges [upper and lower bounds] of the various parameters of the aircraft to be created, and in which the tactical requirement of the Luftwaffe for a fighter aircraft of the 1990's was contained. The Luftwaffe was thinking at that time in terms of an empty weight (Basic Mass Empty--BME) of circa 8.5 tons, which was also the target weight specified in the OEST. The French would probably have preferred a figure around 8 tons; the British preferred a heavier aircraft of up to 11 tons. We must keep these differences in mind. But already at this time it was agreed that the aircraft was to be of delta wing/canard configuration and that it was to be a single-seater and twin-engined. A specific armament was also defined



(see WEHRTECHNIK 1/84, p 10). The various countries gave their requirement [for the aircraft] as follows: FRG 250, France 200, United Kingdom 150+, Italy 100, and Spain 100. To give [the reader] an idea of what these empty masses mean, here are a few figures for comparison: the Mirage 2000 weighs 7.5 tons, the Alpha Jet 3.5 tons, the Tornado 12 tons, and the Jaguar 5 tons. One important point was agreed on at the pre-Christmas meeting, to which great significance was attached, especially by the German Luftwaffe: The aircraft's primary role is to be air defense, and it is to be designed accordingly. Air-to-ground operations are to remain the secondary role.

When high-ranking officials meet, it is often customary for the results of the negotiations, previously worked out and put into writing at a lower level, to exist already as a press release before the signature have been affixed. This was also the case in Wahn. The first press announcement still contained the reservation: "The French Air Force considers air-to-ground operations and air defense of equal importance, but recognizes the latter as the design role." The reservation was no longer present in a later press statement, an indication, therefore, that the French, even if only seemingly, had adopted the majority decision.

On 9 July 1984, following a meeting of the armament directors, the defense ministers met in Madrid, where the necessity of the development and production of a fighter aircraft and the appropriate engine were underscored. The industries of the five nations, through their armament departments, were tasked with examining in a feasibility study whether the specific configuration of an aircraft could be developed precisely enough from the OEST to permit an exact cost estimate [to be made] upon completion of this phase. In this way, the governments were to be provided with a basis for arriving, first nationally and then internationally, at a decision. In addition, the feasibility study was to examine the possibilities for retrofitting the EFA engine in the Tornado ADV.

The British demand that the EFA engine can be used for retrofitting of the under-powered Tornado ADV made the diverging views of the United Kingdom and France clearly evident. The British were striving for a fighter aircraft with a required thrust of far more than 90 kN per engine, the French [were striving] for a lighter aircraft. Since the Mirage 4000 debacle, personnel at Dassault have been suffering under the trauma that a light aircraft, since less expensive, would be easier to export. In addition, it was believed that the French requirement [for the aircraft] and thus influence could be increased through an aircraft carrier variant as a successor to the Super Etendard. Dimensions and weights of these 80 to 120 aircraft are subjected to certain limits by the design of the carriers, however. Naturally, the French desired a utilization of the SNECMA M88 engine, which is in the initial phase of development and which could perhaps deliver around 80 kN and thus be suitable for an 8-ton aircraft. And Rolls-Royce initially even proposed a variant of the RB199, and then a two-wave derivative of this Tornado engine.

And MBB [Messerschmitt-Boelkow-Blohm]? Even though representatives of the Ottobrunn firm always tried to give the impression that the differences [of opinion] were between the British and the French, there was little doubt that their sympathies lay with the British, which was also evidenced by the

participation in the British EAP (Experimental Aircraft Programme), also an aircraft with a BME of 11 tons and thus of the size dealt with in early tactical combat aircraft studied. Looking back, one can conclude that the German Government rejected a financial participation in EAP not only for lack of funds, but also because the design was considered too heavy and might therefore prejudice the data of the fighter aircraft 90.

For the German equipment industry, the EAP program must be viewed in a completely different light than for MBB. MBB expected to be reimbursed for its participation by the government. The German equipment industry, on the other hand, whose efforts naturally do not compare with those of system-producing firms, perceived the possibility for gaining considerable know-how through their own resources, and thus one finds a large number of German equipment firms among the ancillary suppliers for the EAP: VDO, Teldix, Eichweber, LITEF, Liebherr, Teves, Pierburg, FWM, Nord Micro, BGT, WMI, and others.

Meanwhile, the air force staffs did not remain inactive and on 11 October 1984 adopted the European Staff Target (EST), a European tactical requirement, in other words, in which the limits established by the OEST were further narrowed.

On 22 November 1984 there was another ministerial meeting in The Hague--the armament directors had conferred previously--for the purpose of studying one concept in two configurations of 9.5 tons + 250 kg and one of 9.5 tons - 250 kg. Dassault decided on the lower limit, BAe, MBB, Aeritalia, and CASA on the upper.

Already in February 1985, the industry submitted the two design concepts (Dassault, on the one hand, BAe/MBB/CASA/Aeritalia, on the other), neither of which completely satisfied the requirements of EST, though the plan submitted by the four came closer to doing so than the French plan.

Then, on 10 June 1985, refined industrial designs of a total of 16 variants were submitted. For the governments, this was an inadequate basis for arriving at a decision, while industry, on the other hand, expected more clearly defined tasking.

The defense minister met already a week later, this time in London, where especially Minister of Defense Woerner pressed for a decision, since Germany would otherwise be compelled to consider other solutions. Among these alternatives can be included the new development of an airframe consisting largely of existing components of other aircraft, an adaptation development of existing aircraft types such as the Tornado ADV, the Tornado 90, but above all the F-16, and, if all else turned out to be impracticable, the purchase of finished aircraft--with only the F-18 being considered. Worth mentioning in this connection is the work being done by McDonnell Douglas with MBB and by Northrop with Dornier. Once again, industry was given a binding task, namely the calculation of the design having an empty mass of 9.5 tons + 250 kg for weight accretion and national avionics plus the thrust variants of 84, 88 and 91 kN.





The distribution of the development work and its cost, as discussed in 1974 with three countries participating, would have been 18 percent for the United Kingdom, 38 percent for the FRG, and 24 percent for Italy. In a three-country solution the three big partners would have received 18.5 percent each, then 16.5 percent, and Spain 10 percent. Two other nations expected much later would have constituted a majority. The subsequent entry of Spain was expected on the following figures: the United Kingdom and the FRG 18 percent each, Italy 21 percent, and Spain 13 percent. It should be emphasized that this distribution is limited strictly to the development phase. A development of the production phase can be financed only when the industrial countries have fulfilled their obligations for the lifetime of the reactor.

#### Options of the Participants

After the meeting in Madrid, it was apparent that the United Kingdom could not be satisfied with the outcome. The French Government, however, was not in complete agreement with the national governments of the United Kingdom and the FRG. In 1974, the French Government had proposed a distribution of the reactor to the three big partners, but the United Kingdom and the FRG had not accepted it. The French Government had also proposed a distribution of the reactor to the three big partners, but the United Kingdom and the FRG had not accepted it. The French Government had also proposed a distribution of the reactor to the three big partners, but the United Kingdom and the FRG had not accepted it.

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#### Conclusions

The French Government had also proposed a distribution of the reactor to the three big partners, but the United Kingdom and the FRG had not accepted it. The French Government had also proposed a distribution of the reactor to the three big partners, but the United Kingdom and the FRG had not accepted it. The French Government had also proposed a distribution of the reactor to the three big partners, but the United Kingdom and the FRG had not accepted it.

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IMPROVED JET, TO DIVERT IT FROM THE OTHER TWO. There is, at least, one  
two-engine jet, the JAG, and it is being developed on the basis of two (new) engines  
and it is being developed very rapidly. In contrast, the French Air Force is only  
interested in the Mirage 2000. On the other hand, the Rafale is  
not being developed only for the purpose of the competition for the personal in-  
crease of French military power but for all the other personalities in the  
French strategic plan. The main factor is the Rafale. The other two  
and the JAG are not, as would appear to have the JAG, and the Air Force  
is not, as would appear to have the JAG.

The Rafale is not a single engine aircraft, the French Air Force, the French Air  
Force, which was clearly asserted. On the other hand, there is  
a single engine aircraft to replace the Jaguar, and, on the other,  
a single engine aircraft is to be viewed as a fighter aircraft.  
The Rafale, even the Mirage 2000, now mostly exported as a fighter  
jet, was designed to be used after a time in the air  
combat role. Also, there is the Mirage 2000 (official) experimental air-  
craft, which is a prototype, however. Rafale was ostentatiously dis-  
posed relatively very different armament. The requirements levied by the  
French Air Force have really never been clearly revealed. One of the reasons  
for this is the typical French reticence toward the press.

And, finally, the status accorded the MFA program was not nearly as highly  
placed in France as it was in the other countries. This is no topic to be  
discussed with on the front page of the daily newspaper in that country. The  
outcome of the meeting in Turin is viewed more pragmatically in France than  
in the (as advanced as it may sound) emotional United Kingdom and in Germany,  
where the concept of "international cooperation" does not appear to be a util-  
itarian (common interest-oriented) alliance but rather a moral category. And  
there the French, after the failure in Turin, must have felt as if they had been  
called before an international media tribunal.

French cooperation is the cause of election successes and alleviates guilt  
feelings. And the Turin is viewed as a "setback for Europe" because one of the  
representing partners did not sign. Forgotten, on the other hand, is the fail-  
ure of the German-French tank agreement, for which the FRG must answer, and in  
1987, therefore there was even a treaty.

EW was also a discussion topic, even though a short one, during the Kohl-  
Mitterrand meeting in late August, at which time Mitterrand proposed the fol-  
lowing. Since two different aircraft are being talked about, a heavy air  
superiority fighter by Bonn and a light one by Paris, thought is to be given  
to developing a family concept, similar to the approach used with the Airbus,  
which can be built jointly. Details were to be passed to Bonn in the near  
future.

As interesting as this proposal may be, one must first ask whether this is an  
attempt to gain time or if this is the first step toward offering the Rafale  
as a replacement to the Alpha Jet. An attempt to establish a European military  
aircraft industry certainly deserves to be discussed. Already in the case of  
the LFA, we are faced with varying time frames for its introduction. The



British want the aircraft from 1995 on, we want it beginning in 1997, the Italians want it at approximately the same time as the British and the Germans, and the Spanish--and most likely the Dutch, Belgians, Danes, and Norwegians (other potential partners) as well--not until the next millenium. The French proposal is new, but basically it is still a variation of what could be heard at Le Bourget, namely the participation of Dassault as a sub-contractor in the EFA program and the participation of the EFA partners in the production of the French export fighter-bomber.

Following the failure of the Germans and the French to sit at the same [negotiating] table with respect to the European fighter aircraft, the possibility for reaching binding agreement with respect to the medium air defense system of the 1990's should indeed be seriously studied.

#### Re the EFA Engine--A Position Statement by MTU

Similar to the fighter aircraft 90, the engine too is to be developed through international cooperation. To date not much is known about the design of the engine, other than that it will probably be a two-wave engine. WEHRTECHNIK asked MTU--the German development partner--for a position statement regarding this new program.

On the one hand, the withdrawal of the French, when viewed from the standpoint of the European integration that is desirable in all areas, is surely very regrettable, but on the other hand it led to a quick resolution of the mission requirements as well as the aircraft and engine plan jointly supported by the remaining partners.

The projected engine embodies a new generation of afterburner engines conceived especially for the air defense role, representing a substantial improvement over existing engines by virtue of a higher thrust/weight ratio, simple and rugged construction, operational flexibility, high development potential through a significant future improvement in performance, and last but not least an acceptable maintenance and upkeep effort.

These advances are achieved through a combination of the latest, highly mechanically and thermally stress-capable materials with advanced processing methods that include heat-insulating and corrosion-reducing coatings. However, to a considerable extent this advance is also the result of a mastery of complex compressible, friction-prone airflows as a basis for turbo-engines of modern design.

Proceeding from the experiences universally gained with modern engines having a high specific output, great emphasis is placed on especially cost-effective and time-saving maintenance, which needless to say includes a modular construction of the engine. This includes also the integration of the engine in the airframe so as to insure optimal accessibility and a minimal expenditure of effort in changing engines.

The engine is provided with a highly modern digital computer, which in addition to the standard functions such as fuel dose determination and nozzle

adjustment, as well as rpm and temperature limiting, is capable of averting critical instationary conditions, self-diagnosing, and monitoring the operational life of critical components.

Because of the long excellent cooperation of the partners Rolls-Royce, Fiat and MTU, the technical preparation of the practical engine development is making rapid progress. The entire development program is supported by technology programs which will become the joint basis for an engine design.

#### PHOTO CAPTIONS

1. p 16. Seen as a mock-up at the Aerosalon in Paris: British technology platform EAP, which could see employment for components testing in the EFA program.
2. p 17, Three-sided view of the EFA, as proposed by BAe, MBB, Aeritalia top and CASA.
3. p 17, In the computer, the fighter aircraft 90 has already been "flying" bottom for a long time--here an MBB computer model.
4. p 20. An early wind tunnel model of the fighter aircraft 90 by MBB, for visualization of the airflow.

12689/9274

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## LONGER DRAFT TERM TO STRESS INFANTRY, RESERVE SLOT TRAINING

Bonn GENERAL-ANZEIGER in German 12 Dec 85 p 3

[Interview with Minister of Defense Manfred Woerner, conducted by Ekkehard Kohrs and Hans-Werner Loose, date and place not indicated: "Again Six Months of Basic Training"]

[Text] [Question] GENERAL-ANZEIGER: Starting in 1989 draftees must serve for 18 months in the Bundeswehr. You, as defense minister, together with the ministers for education and cultural affairs of the CDU/CSU-led federal Laender, have proposed a regulation to avoid time hardships for university-qualified secondary school graduates and others starting a career. The SPD-led federal Laender did not participate in these talks. Are these Laender going to resist?

[Answer] Woerner: My offer of talks applied, and applies, to all ministers for education and cultural affairs. The fundamental regulation which will be made in the coming weeks does not require unanimity in the conference of the ministers for education and cultural affairs. It does not require any conjoint regulation of all ministers for education and cultural affairs. Nevertheless I start from the assumption that all Laender will help create uniform starting conditions for the subsequent career training. For the life of me, I cannot imagine that the SPD-led Laender will cause time losses of up to 9 months to draftees. I believe that in final analysis they will agree to the reasonable compromise proposals of the CDU/CSU-governed Laender.

"Making Use of the Time"

[Question] GENERAL-ANZEIGER: Three months longer military service, doesn't that automatically mean loafing for 3 months more?

[Answer] Woerner: We are going to use these 3 additional months to extend basic training. That is the training segment in which most is demanded of the young people even now. When the military service was reduced from 18 to 15 months, basic training was cut back from 6 to 3 months. Thus after lengthening the military service, there will again be 6 months of basic training.

[Question] GENERAL-ANZEIGER: What will be the contents of the training?

[Answer] Woerner: We are going to use this time to improve the infantry basic training of all soldiers. In addition we want to provide our soldiers with better preparation for their duties as reservists.

[Question] GENERAL-ANZEIGER: Is the infrastructure of the Bundeswehr--from the kreis selective service board to the barracks--prepared for the planned call-up of up to 400,000 reservists? Moreover, don't you have to expect considerable protests from the professional organizations?

[Answer] Woerner: That will undoubtedly entail additional burdens. Nor do I exclude the possibility of criticism and protests. These are not 400,000 all at one time but at most 15,000 at the same time. We can achieve that within the framework of the existing infrastructure. The economy must understand that, without the Bundeswehr, engaging in economic activity in freedom is not possible at all. Thus they must understand that certain sacrifices must be made to maintain our freedom and thus the freedom of industry and the economy. A look at Switzerland teaches that a country with a very high financial and industrial standard can definitely do that.

#### Details Under Consideration

[Question] GENERAL-ANZEIGER: Are the draftees able to look forward to DM 5,000 of separation pay starting in 1989?

[Answer] Woerner: One thing is certain, namely that we are going to improve the financial situation of the persons serving in the Bundeswehr and in the alternative national service. Type and extent of the improvement of the material equity in conscription have not yet been finally settled. At this time details are being considered in the federal government. The opinion of the Bundesrat, which provides for an increase in the separation pay to DM 5,000, is an important contribution for us; it goes in the same direction but it is very much the question whether aside from the separation pay there are other things that are just as important or even more favorable to the individual draftee and his family.

[Question] GENERAL-ANZEIGER: What things?

[Answer] Woerner: I could imagine a combined solution which includes, e.g., separation pay and subsistence allowance for the weekend or the use of certain local transport means. Specifying separation pay alone involves risks.

[Question] GENERAL-ANZEIGER: The CDU presidium requests a far-reaching reduction of the waivers for military service. For example, after 1989 isn't there going to be any longer a volunteer fire brigade because Minister Woerner takes all young men for the Bundeswehr?

[Answer] Woerner: Woerner does not want that. The text submitted by me does not provide for elimination of the constituent facts for exemptions in civil defense and disaster control for good reasons. I am in full agreement with Federal Minister of the Interior Zimmermann in this respect. The defense minister in particular has a great interest in a functioning civil defense and disaster control. And I wouldn't do anything to harm the foundations of these organizations.

[Question] GENERAL-ANZEIGER: But there are views tending in this direction....

[Answer] Woerner: I do not share such views. They will not prevail as the position of the Bundesrat reveals. But what we must expect is that the civil defense and disaster control will be affected by the decline in the birth rate the same as the Bundeswehr. The number of annual exemptions will decline from 17,000 to 10,000.

[Question] GENERAL-ANZEIGER: To reduce the assignment jam, officers can take early retirement. Has there been a first provisional appraisal of this action? How do you comment on reports according to which the political leadership of the defense ministry is said to have exerted influence with regard to individual retirement applications?

[Answer] Woerner: I did not exert influence even in a single case. We were very much concerned about establishing judicially verifiable standards and criteria. The number of applicants is much greater than the number of those we are able to release. Therefore the possibility cannot be excluded that some will also take legal action. We apply very clear rules that can stand up under court scrutiny. The most important yardstick is the effect on the age structure in important operational functions. The movement in the case of company and battalion commanders that is discernible even now shows that the law is a complete success even now.

#### Secondary Question"

[Question] GENERAL-ANZEIGER: And who makes use of the possibility of giving up his uniform?

[Answer] Woerner: Reports according to which only the bad ones or only the good ones are said to have come forward are absolute nonsense. We have a representative mixture across age groups, assignments, ranks and qualifications.

[Question] GENERAL-ANZEIGER: If it is up to you, is the topic of "women in the Bundeswehr" going to be of topical interest in the next legislative period?

[Answer] Woerner: Bundeswehr planning, which goes up to 1999, does not provide for the service of women in the Bundeswehr.

[Question] GENERAL-ANZEIGER: When are you going to sit next to the U.S. defense minister, as your British colleague did recently, to sign an SDI general agreement?

[Answer] Woerner: I expect that the cabinet is going to give the go-ahead for the negotiations with the Americans. It is not yet settled when the negotiations will be concluded and who will sign the agreements. I consider this latter question as secondary.

[Question] GENERAL-ANZEIGER: Intermediate and short-range missiles which are aimed at Western Europe remain unaffected by the U.S. SDI. Therefore you have introduced the subject of a European defense initiative which is to close this

gap. You did not find any great approval among your NATO colleagues in Brussels last week....

### "Only at the Beginning"

[Answer] Woerner: I did not make the expansion of the air defense for defense against short and intermediate-range missiles an official topic of talks there. I only had incidental talks with some colleagues. The response in this connection in principle was positive. My colleagues know that reflections must be undertaken concerning this problem. It is not only of interest to the FRG but to all Europeans. On one point there is undoubtedly not yet any unity: when and how this problem is to be tackled in the European framework. But there is no doubt that something must be done. We are only at the beginning of a process of thought and opinion formation.

[Question] GENERAL-ANZEIGER: Does the federal chancellor share your view?

[Answer] Woerner: I have no doubt that the federal government as a whole realizes the necessity of such a project without thus far having made it into the object of a decision in the federal government. This topic does not have to be decided tomorrow or the day after.

[Question] GENERAL-ANZEIGER: Isn't there a danger that the project will considerably interfere with the dialogue between East and West started in Geneva?

[Answer] Woerner: By no means. Rather the contrary is the case. The fact that the Soviets are now sitting at the negotiating table can be attributed not least to the SDI. The Soviets themselves are not in the habit of asking us what they want to do for the maintenance of their own security. The West and we would be ill advised if we were to make the measures for the safeguarding of our freedom dependent on the approval of the Soviets. The prospects for reaching an agreement with the Soviets in the arms control and disarmament field increase with the ability of the West to take care of its own security interests.

### "Boris Becker Will Join Up"

[Question] GENERAL-ANZEIGER: One question concerns the nation: Is Boris Becker going to be a soldier?

[Answer] Woerner: It is my opinion as well as that of Boris Becker that he will report for his military duty. He has said so himself. Boris Becker as a reasonable young man knows that as a German citizen he has to assume certain duties. As with every other draftee, we are going to take his situation into account according to the rules of the law. As other top sportsmen, he, too, will have the opportunity in the Bundeswehr to maintain his sports standard.

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CSO: 3620/192



MILITARY

FEDERAL REPUBLIC OF GERMANY

possibly be, the order of approach to a subject is important. In the first place, the subject should be approached in a way which is most likely to lead to a correct understanding of the subject. This may be done by first considering the general principles of the subject, and then proceeding to the details. In the second place, the subject should be approached in a way which is most likely to lead to a correct understanding of the subject. This may be done by first considering the general principles of the subject, and then proceeding to the details.

The first step in the process of learning is to identify the subject to be studied. This is done by selecting a topic which is of interest to the student, and which is also of interest to the teacher. The next step is to select a book or books to read. This should be done in consultation with the teacher, who will be able to recommend books which are suitable for the student's level of understanding. The third step is to read the book or books carefully, and to make notes of the main points. The fourth step is to discuss the subject with the teacher, and to ask questions if necessary. The fifth step is to write an essay or report on the subject, and to present it to the class. The sixth step is to participate in a discussion of the subject, and to listen to the views of other students. The seventh step is to revise the essay or report, and to make any necessary corrections. The eighth step is to submit the essay or report to the teacher for marking. The ninth step is to receive the mark, and to discuss the essay or report with the teacher. The tenth step is to use the mark as a guide to improve the student's understanding of the subject.

The process of learning is a continuous one, and it is important to keep in mind that the student should always be striving to improve their understanding of the subject. This can be done by reading books, articles, and other materials which are related to the subject. It can also be done by attending lectures, seminars, and other events which are organized by the school or university. The student should also be encouraged to participate in group discussions, and to work with other students on projects. This will help the student to develop a deeper understanding of the subject, and to become a more effective learner.

In conclusion, the process of learning is a complex one, and it is important to follow the steps outlined above in order to achieve a correct understanding of the subject. The student should always be striving to improve their understanding of the subject, and should be encouraged to participate in all the activities which are available to them. This will help the student to become a more effective learner, and to achieve a higher level of understanding of the subject.

The first of these is the fact that the majority of the specimens are from the same locality, and the second is the fact that the majority of the specimens are from the same individual.

#### THE ANATOMY OF THE SKULL

The skull is of the type known as 'dolichocephalic', and is characterized by its elongated shape and by the presence of a prominent brow ridge. The base of the skull is broad and flat, and the occipital region is rounded.

The facial skeleton is well developed, and the maxilla is prominent. The teeth are small and pointed, and the mandible is strong and robust. The nasal cavity is large and open, and the oral cavity is deep and wide.

The braincase is large and rounded, and the frontal region is prominent. The parietal region is flat and broad, and the occipital region is rounded. The base of the braincase is broad and flat, and the sphenoid region is prominent.

The teeth are small and pointed, and the mandible is strong and robust. The nasal cavity is large and open, and the oral cavity is deep and wide. The base of the skull is broad and flat, and the occipital region is rounded.

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The facial skeleton is well developed, and the maxilla is prominent. The teeth are small and pointed, and the mandible is strong and robust. The nasal cavity is large and open, and the oral cavity is deep and wide.









...the members of the Bundeswehr, and since a year in different installations, it was this completely anonymous at the military service was subject to the star system. Above all, they serve to instruct to inform the participants and as an informal exchange of experiences of those who are members of the three services, Army, Air Force, and Navy. Really over time, the participants show a lack of discipline, against self-criticism. But never before did the chiefs of brigades, divisions and corps have to admit that, for the rest of the century, they are faced with problems which come close to squaring the circle. Their latest meeting in Karlsruhe, just before Christmas, turned into the hour of truth.

—All other NATO partners, however, the Bundeswehr must increase its conventional fighting power, because only in this manner can it contribute to raising the "nuclear threshold," i.e., to postpone as long as possible the point in time when NATO would be forced to use nuclear weapons in order to fight off a massive attack from the East.

—An army's capability for conventional warfare not only depends on the quality and sufficient quantity of its weapons, but depends decidedly on the number and readiness of its fighting soldiers. Even today, there is an enormous gap. It will be even more difficult to close it in the next decade, as fewer draftees can be conscripted because of the declining birth rates since the 1960's.

At present, professional and limited-time soldiers constitute a little more than half of the peacetime strength of the Bundeswehr with a total of 400,000 men. The other half consists of draftees. Until 1990, with 15 months' of basic military training, there are still enough annual draftees to fill the requirements of the active troops; after that—even taking into account the military training time being extended to 18 months as of 1989—there aren't enough of them.

Up to now, the federal government made the public believe that it would be possible, despite the "birth rate drop due to the Pill," to maintain the

peacetime strength of the Bundeswehr even in the 1990's. It even confirmed it in form of a cabinet resolution of October last year, and has reaffirmed it time and again since then. But it must be feared that it will not be able to keep its promise. For the first time, it was mentioned in Karlsruhe not only in front of participants in the meeting but also journalists, that one might have to, and could, manage with an "operative minimum" of 455,000 active soldiers in 1995.

Even more depressing than this probably realistic expectation is the problem of how the army, in a case of defense, can make credible its increase to much more than one million combat-ready soldiers, and to keep it credible in the future. In Karlsruhe Wolfgang Altenburg, inspector general of the Bundeswehr, literally beat his own chest, although no guilt attaches to him for the omissions of his predecessors in office: "For 30 years we have neglected the ground forces and the reservists. And now we have to make up for the omission, at a time when funds are short and people become fewer."

Ground forces and reservists--both are catchwords for a deficit in defensive capability (so far hardly noticed or at least unacknowledged) and therefore the deterrent effect on a potential foe. If the Bundeswehr wants to prevent a possible outbreak of war, it cannot do so solely through a combat ready peacetime army. The enemy must become convinced that, if he attacks, he will be confronted by almost three times as many ready and well-trained soldiers as in times of peace. This threat is largely on paper in the FRG. The Bundeswehr did train more than 2 million soldiers, 1.6 million of them still registered as reservists. Almost half of them are over 30 years old, however, and the former non-commissioned officers are even between the ages of 37 and 40.

As Wolfgang Altenburg mentions sarcastically, the overwhelming majority of reservists for many years has been known to the Bundeswehr "only from the newspaper." Their training goes too far back, and therefore they cannot handle the new generation of weapons and equipment. Thus the, at first glance, impressive number of 1.6 million covers up the true situation of filling the needs of the ground forces--the home defense brigades which consist only of cadres in peacetime.

Bundeswehr planning proposes to increase during the next 10 years the number of training grounds for reservists from the current 6,000 to a total of 15,000. Annually, about 250,000 former soldiers could be "retrained" this way during 3 weeks of maneuvers. For the credibility of our defense, much will depend on whether this project is implemented--perhaps more than on ever newer, ever more complicated weapons, the acquisition of which has already become so expensive today that there is not enough money left to develop and procure the necessary ammunition.

## GREATER COST EFFECTIVENESS IN ARMS PROCUREMENT SEEN POSSIBLE

Hamburg WLF 211 in German 27 Dec 85 pp 19-20

[Interview with Manfred Emeke, management consultant and former adviser to Ministry of Defense, conducted by Wolfgang Hoffmann, date and place not indicated: "Avoidable Mishaps"/Defense is Expensive: Overhaul of Bundeswehr to Cost DM 200 Billion/ Billions Could be Saved if the Bureaucracy Worked More Efficiently]

[Text] Manfred Emeke received business training in Hamburg, London and Paris, and studied at Cambridge. He worked as a manager for Krupp, on the board of directors of Hugo Stinnes, as director general of Clark Equipment, as the head of the Vorwerk group, and chairman of the board of Reemtsma. Since 1975, he has been economic adviser and professional member of supervisory boards. From 1980 until the change in government in 1982, he was "a dollar-a-year man" as an economic adviser in the Ministry of Defense. For 2 years, he was Mayor Koschnick's adviser in Bremen, and adviser to Walther Leisler Kiep during his term as finance minister in Hannover; at present, Emeke advises Hamburg mayor Dohnanyi on economic questions. In Bremen, Emeke contributed to the solution of the great shipbuilding crisis in the 1980's.

Hoffmann: Recently, the Federal Audit Office has again noted that there exist considerable shortcomings in the planning and implementation of military procurement. In 1982, you made proposals to the Ministry of Defense--at that time, Social Democrat Hans Apel was minister--on how to eliminate such difficulties. Apparently without results. Has your concept failed, also?

Emeke: Offhand, I cannot say anything about the accusations of the Federal Audit Office, since I do not know them in detail. But what I have heard about them does not really surprise me. After all, they concern shortcomings I had discovered to a frighteningly large extent during my examination of the organizational structure. But: my concept did not fail by any means. After all, none of the proposals were implemented that I had made to the armaments management in the Ministry of Defense in 1982.

Hoffmann: With the exception of the latest criticism by the Federal Audit Office, there have been no major armament flops during the last 3 years under Defense Minister Manfred Woerner, although you said at the time that under existing conditions, the ministry could not carry on, at least with regard to procurement projects in the amount of billions. Something must have changed somehow, since there were no grave problems?

Emcke: I don't think that anything has changed in principle. If the minister did not incur major mishaps in armament projects, there are different reasons for it: for one, the coffers are well filled at present. The 1986 budget discussions showed the armament budget to be well-cushioned. Even in 1985, not all the funds were spent, and the estimates were cut for 1986. Not much can go wrong with such a financial cushion. You must also understand that the large procurement projects, which cost a lot of money, have largely run their course. At present, new weapons systems are drawn up and defined; but procurement will only become crucial in the 1990's. Also, do not forget the currently low inflation rates and the falling dollar. During my time, there accrued an additional burden of DM 500 million due to the rising, and inexplicably unsecured, dollar exchange rate. The mistakes being made in planning right now will be uncovered only when the bills have to be paid later on. Lessons have also been learned from past mishaps inasmuch as higher reserves are planned in the budget of today. Mistakes can be covered up for a time in this way. The surpluses reported in the defense budget for 1985 indicate to me that nothing has been changed in the organization. A positive balance can be as much a sign of misdirection as a negative one.

Hoffmann: What mishaps are there, and can they really be covered up?

Emcke: Naturally, I am not familiar with the present situation, but due to the fact that matters are handled as before--the examination reports of the Federal Audit Office deal only with a small segment--I come to the conclusion that they must exist. There are many ways to cover up errors. For example, it is very difficult to establish whether development and construction of a weapon is three-fourths or two-thirds finished on the drawing board. But if work is remunerated as if it were three-fourths finished, when in reality it has not even reached 50 percent of completion, overpayments and time losses result which, lastly, again cost money. Another, and very different, example of inefficiency and erroneous developments: since the annual fuel requirement of the air force is based on the actual consumption in the previous year, the air force officer in charge of a squadron must make sure that it is actually used up in flights during the current operating year, otherwise less fuel will be authorized for the coming year. He is practically forced to "fly it away" at any price. There was such an example in my time.

Hoffmann: What do you criticize most in the organizational structure of the armaments sector of the Ministry of Defense?

Emcke: For example, there is no systematic way to follow the course of a weapons system so precisely from the development stage to its introduction to the troops that one can say at any given moment: this is where we are,

and we have spent this much so far. But I need this clear view so that my long-term planning is not thrown out of kilter due to unforeseen events. Another point: it was customary to distribute the funds for army, air force and navy according to a fixed key, such as approximately 40 percent for the army, 30 percent for the air force, and 20 percent for the navy. Such a misplanning of funds must of necessity detract from any and all creativity. As long as everyone knows from the very beginning just about how much money he will get, his question will be, what can I do with the money.

Hoffmann: You found fault with the lack of clear insight. What means would it take to create it?

Emcke: In my view, a control system with a controller should be introduced.

Hoffmann: Was that not linked to quite a bit of distrust vis-a-vis the civilians and military at the Wardenhoehe in Bonn?

Emcke: Unfortunately, too many people, including the minister, were disturbed by the term "controller;" it was simply equated with control. The term--incidentally, formerly spelled with an "m" instead of "n"--was used in the U.S. Army and meant administration of the war chest. Only later on, private industry adopted it. When I was general director of the U.S. firm Clark Equipment in Germany, the U.S. managers forced me to adopt this planning system. In this way, the people over there could ascertain at any time the plan and actual figures of the German branch firm. Without such a planning system, decentralized enterprises such as large multinationals could not be managed at all. I thought that the Bundeswehr is a similarly decentralized enterprise with many decentralized, independent establishments. For instance, there are supply offices, armed services branch offices, and a procurement office. At the top is the ministry as a kind of main administration. But the actual organization was, and still is, quite different from industry. In the 30 years of its existence the ministry, in addition to leadership functions, assumed more and more of the tasks itself, although others were already occupied with the same tasks and are qualified to carry out such tasks. This necessarily leads to duplication of work, and frequently to friction.

Hoffmann: Can you explain that with an example?

Emcke: For every weapons system there is a systems officer in charge in the Ministry of Defense, such as the project Frigate. The project is actually carried out by the project officer in the Federal Office for Military Technology and Procurement (BWB). Those people sit in Coblenz. In 1981, because of miscalculated planning, considerable cost increases were suddenly registered in the project Frigate. While Coblenz had known about it for some time, the systems officer in Bonn was quite unaware. Thus the leadership was also uninformed.

Hoffmann: And how could this happen?

Emcke: Because there was no sensible information flow. Information on occurrences of the kind described is channeled through nine different stations. For example, information from industry proceeds through the following stations--project officer in the RWR, director of the project sector, RWR vice president, RWR president, project section in the Ministry, sub-department chief in the armament department, deputy chief of the armament department, chief of the armament department, state secretary for armament--until it finally reaches the minister.

Hoffmann: Too many stations where the traces get lost...

Emcke: Precisely. Given this hierarchical ladder, it is totally unclear to me how the information flow is supposed to function quickly in a case of emergency.

Hoffmann: What form was your controlling system supposed to take?

Emcke: At the time, I had first said that the reasonable decentralization of the Bundeswehr should be retained and be made functionally effective. This would mean merging the armament department with the procurement office and combining them into one office. Then the ministry could have limited itself to managerial functions in the armament area, to planning and control. But the proposal of merging various offices encountered bitter opposition. After all, this part of reorganization would have entailed transfers, for instance, to Coblenz. I had to learn that even transfers of civilian employees within the ministry are difficult to carry out, so transfers of employees to subordinate areas are even more difficult. This idea was quickly dropped, at least temporarily. But the minister of defense at that time wanted to introduce the controlling system.

Hoffmann: Can you explain that a little?

Emcke: Actually, it is quite simple. On the one hand, we have the results of long term military planning, on the other hand, implementation of this planning. Controlling with the controller at the top means that the controller translates the planning results into time and payment plans and directs implementation via comparisons of plans and actual figures. In contrast to control, which is oriented toward the past, registers mistakes, looks for the guilty parties and punishes where appropriate, controlling is oriented toward the future and includes planning, controlling and supervising, which means helping and directing. In industry, the controller is the business administrative navigator and the economic conscience of the enterprise.

Hoffmann: Do you know the reasons why your proposals were not taken up?

Emcke: They are manifold. First of all, there is surely a critical attitude toward the recommendations of one's predecessor's adviser--even if he has no party affiliation. This is only natural. Furthermore, and understandably, the proposals were not welcomed at Hardthoehe. I have the impression that at the beginning, the new minister was concerned with



being accepted, and because of errors in the personnel area one was so concerned about reaching a consensus that one could not risk making unpopular decisions. Also, decisive changes in a ministry must be made at the beginning of a legislative term, and this was impossible at Hardthoehe because of the Klessling affair. It must also be mentioned that the pressure to make changes has abated considerably. The general overhaul of the Bundeswehr is concluded, the new one is in the planning stage. At present, it only causes development costs. And last but not least: with a controller, a new man would have neutralized influences in the leadership and would have provided clearer insight.

This means a certain loss of power for all others, especially for the top echelon of the individual services and the civilian armament sector, which possess a great information monopoly under the present organizational system. Controlling, however, leads to the situation where all persons on one leadership level have the same level of knowledge. The actual political decision makers, and the minister at the head, would have gained more influence, because they could have relied on a more efficient information system. Of course, openness also has its negative sides. Parliamentary controllers could also demand at any time to see the comparison of planned and actual figures. Parliament could not be misled as easily as is possible today. Perhaps, for this reason, one was not eager for more openness, although it is quite in line with parliamentary budgetary control. But governments are not too fond of strong parliaments.

Hoffmann: There were a number of other proposals for greater efficiency in your reform package. What happened to them?

Encke: I had discovered a number of mistakes in the system which I will prove by example. In industry, customer service is always involved in development processes. This is important since, later on, it will have to service the products. This is not true for the Bundeswehr. For example, in the combat tank Leopard I the battery is mounted in such an impractical way that the tank turret has to be dismantled completely in order to service it. This takes much time and is also expensive. The result: the batteries are used in driving until they are finished. There is no servicing, one simply installs new ones, so battery consumption in the Bundeswehr is appropriately high and expensive. In the automotive industry, customer service would have told the development engineers from the very beginning: we refuse to service the battery if it means dismantling the entire automobile.

Another problem: during the development of a new weapons system, too many demands for changes are inserted which lead to tremendous additional costs. Even worse: often, changes are made when production has already started. That, incidentally, is also a problem in our industry. The Japanese spend much more time than we do in discussing, conceptualizing and developing their products, but in that way, they put into production a better developed and final product. We, on the other hand, keep pushing changes into production. We can take the Japanese work method as an example, also for procurement of weapons systems.

Hoffmann: Is the so-called principle of prime cost reimbursement still up to date with regard to placing armament orders?

Emcke: The fact that Bundeswehr contractors bill the ministry for prime costs accrued and then receive a percentage profit share, is extremely counterproductive with regard to efficiency, since the entrepreneur who lowers costs due to efficiency measures earns less, due to the profit share being calculated on a percentage basis. This must be changed, and I made several proposals in this regard. I had in mind an incentive system which was to stimulate industry to produce at less cost, without cutting back their profits. Of course, if one takes the advice of the National Association of German Industry (BDI) in questions of preparing contracts with industry, I cannot imagine that an agreement can be reached which would offer relief to the taxpayer. The interests of the BDI are necessarily different from those of the Ministry of Defense.

Hoffmann: What do you think of the leadership structure at the top?

Emcke: It is totally inadequate. The minister is completely overburdened, he is needed in the cabinet, in NATO, in Parliament, with the troops, in the party and the electoral district--, and then he is also to direct the ministry. An industrial enterprise of comparable size would be managed by six to nine members of the board of directors. This can't be done with three state secretaries and an inspector general without power, and with insufficient information. It was my proposal to raise the inspector general to the rank of a state secretary, and to have a controller at the rank of state secretary--, and sector controllers in the various services, plus a state secretary for the merged Bundeswehr procurement office and the armament department. To refuse this with the argument that it is too costly is being penny-wise and pound-foolish!

Hoffmann: Is an armaments industry of great importance to private industry, since it provides technical impulses?

Emcke: I have my doubts when I consider that Japan has no armaments industry whatsoever and attains great technical achievements. The same holds true for Germany with a small armaments industry. It produces great technical achievements. The Americans have a large armaments industry, and their technical achievements in private industry are not always convincing. One could have the impression that in Germany, good technicians go into private industry to Siemens, Daimler or Nixdorf, while in the United States, good technicians join the armaments industry, because there they can better realize their technical dreams, together with the military.

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## IMPACT OF TORNADO EXPORT SALES ASSESSED

Bonn WEHRTECHNIK in German Nov 85 pp 34

[Article by Wolfgang Flume: "TORNADO: Export Orders at Last"]

[Text] After the sheikdom of Oman ordered 8 TORNADO's in the ADV air defense model in August, Saudi Arabia triggered headlines a few weeks later when Defense Minister Prince Sultan Bin Abdul-Asis and his British counterpart Michael Heseltine signed an MoU for delivery of 72 TORNADOS (and 30 HAWK jet trainers, as well as 30 PC-9 trainers). This was good news for the British, German, and Italian aircraft industry, which is consequently able for the most part to close the gap in their production schedule until production start-up on the JF-90--in addition to which 40 ECR electronic reconnaissance planes are also as good as guaranteed for the German Airforce.

Just about anytime anybody has talked to Dassault in the last two years about the joint EFA European Fighter Aircraft project (called the JF-90 in German), and questioned high French aspirations, Dassault has called attention to the very good military exports of the French aircraft and space industry and--even a bit sneeringly--made reference to the "unexportability" of the TORNADO. And with some justification; Panavia's not insignificant efforts in Canada, Spain and Greece had not enjoyed any success up until now. And even Saudi-Arabia--which had for a long time been counted as a potential customer--seemed to be concentrating on France. Not only the navy received French equipment, so have the ground and air defense forces. Besides that, they have even signed a declaration of intention to purchase 46 MIRAGE 2000's in November 1984.

The fact that they have gotten an export order for the TORNADO is not souly attributable to the sales effort of the British government, which was also able to fend off the intervention of the French Minister for External Affairs Dumas in Riad in August. In addition to the 60 F-15A EAGLE fighter aircraft currently in service, Saudi Arabia had intended to order an additional 40 machines in this model, but in the fighter-bomber version with the appropriate weaponry. Because the original F-15 order was bitterly contested in the USA by the local Israeli lobby, the Saudis could no longer hope to get congressional approval for the same reasons. Then they remembered the British, who had supplied the Saudi airforce with LIGHTNING fighter aircraft and JET PROVOST jet aircraft years before, which are still being maintained by over 1000 British Aerospace employees in Saudi-Arabia. The value of the contract, which has run since 1973 and is up for renewal next year, and which also includes servicing the air forces, amounts to about 1.3 billion pounds.

The contract that is now being awarded to British Aerospace could have a value of 10 - 12 billion DM. They are scheduled to deliver:

- o 48 model IDS (Interdiction and Strike) model TORNADO fighter bombers,
- o 24 ADV (Air Defense Variant) TORNADO fighter aircraft,
- o 30 British Aerospace HAWK Series 60 jet trainers,
- o 30 PC-9 trainers from the Swiss firm Pilatus, which will, however, be equipped by British Aerospace.

Saudi Arabia claims they see the TORNADO primarily as an answer to the threat posed by Iran--which is why they also want the long-range fighter bombers. Some of the TORNADO's, however, are also supposed to be stationed at the Tabuk air base, which is fairly close to Israel, and which the USA didn't want to approve if the Saudis had bought F-15's. The French MIRAGE 2000 was also offered, primarily in the all-weather fighter bomber version MIRAGE 2000N--this version is Dassault's quasi answer to the TORNADO IDS and is supposed to be introduced into the French air forces as a carrier for the ASMP (Air-Sol Moyen Portee) air to ground missile with a nuclear warhead and to take the place of the MIRAGE IV.

The inclusion in the contract of the purchase of the 30 PC-9's may be somewhat of a surprise. BAe had entered into an earlier agreement with Pilatus on the PC-9 in order to offer this trainer to the Royal Air Force. This effort was a failure, however, because the British Ministry of Defense chose the Brazilian EMBRAER TUCANO, which was to be built on license by Shorts in unemployment-plagued Belfast, although the Royal Air Force rated the PC-9 at least as highly during their evaluation. By buying stripped-down PC-9's in Switzerland, BAe also hoped to have a better chance to offer the Alpine republic the HAWK as a jet trainer.

The final assembly of the 72 TORNADO's is supposed to take place in Great Britain. Germany's aircraft industry (which has a 42.5 % interest in the TORNADO program) and Italy's (15%) will nevertheless be kept pretty busy, even though on a lower scale, because 8% [of the work] will be shifted to the final assembly stage. Panavia will probably continue to play a central role.

We can anticipate that around 20 Mill. DM will end up in Germany for each TORNADO on order. Closing this contract between Great Britain and Saudi Arabia was simplified to a certain extent by the fact that last year the Federal [German] government agreed to waive the right accorded by the original TORNADO contract for all partner countries to approve TORNADO purchases. The Federal government was, however, consulted before the Saudi contract.

At the moment 110 TORNADO's are being produced a year, which comes to about 9 a month. Without the Saudi order, production would run out in 1989. With the assumption that the production rate will be kept a little low, the new order should keep the workers busy for about one and a half to two years. Saudi Arabia doesn't want to wait until 1989, however. So some new aircraft, which were originally intended for the RAF, will go to Saudi Arabia from current production; they are talking about something like 20 TORNADO IDS's beginning at the start of 1986 (the last IDS's intended for the RAF) and later a few ADV's. This means that there will be some delay in equipping the Royal Air Force with the 220 IDS's (RAF designation TORNADO GR1) and 165 ADV's (TORNADO F.2) they have on order. The entire order from Riad is supposed to be



finished by 1989, with the Saudi machines being as identical as possible to the British version--which makes later logistics a lot easier. The eight ADV's for Oman will also be taken from current production intended for the RAF. Consequently, already before the Saudi order was announced, the RAF had ordered extended service parts for eight ADV's from Panavia--and at the same time for 9 additional IDS's as reserve in the "pipeline" and to compensate for crashes, for a total planned number of 35. In addition to these 17, soon to be 42 machines, apparently the basic stock for the 7th lot, we can now add 72 Saudi Arabian TORNADO's, as well as 40 German Electronic Combat Reconnaissance (ECR) TORNADO's for the [West German] airforce. The chances for these 40 ECR's are now clearly improved since the British government has given the green light to ship 750 Mill. DM worth of aircraft components from Great Britain free of charge. This doesn't represent any sudden generosity on the part of the British, but rather can be attributed to a premature financial compensation based on the TORNADO program (due in 1992 according to the TORNADO contract): each country is supposed to produce the same value in aircraft components that it orders in aircraft. And Great Britain has produced too few components according to this agreement. Great Britain is supposed to compensate for this now--with the result that the 40 machines for the Luftwaffe will be cheaper, not to mention the low cost due to the established learning curve.

The 1986 budget provides for 355 Mill. DM in procurement funds for the ECR, so that production of the ECR could be phased in at the end of current TORNADO production without any interruptions. We can only hope that the legislators will approve the ECR project promptly once the procurement bill, which is almost finished, is submitted, and that they won't use the Saudi-Arabian order as an excuse to delay the program. Without the order from Riad, they had been scheduling a monthly rate of 3.5 aircraft for the 7th lot--now output could be higher, which would just about close the gap in utilization capacity up to the start-up of JF-90 production (beginning about 1992/93).

Saudi-Arabia wants to finance the purchases in part with additional petroleum deliveries, they are talking over 50%. In this regard it's up to the negotiating skill of the British to determine at what price the oil is taken in payment. Great Britain is also a better customer than France in this regard: Itself an oil exporting country, Britain will have the greatest interest in not letting the oil price sink too drastically on the world market due to extra oil coming on the market, which would then quickly make their own North Sea oil deliveries unprofitable. Last year the Saudi-Arabian purchase of ten Boeing 747's for the royal family led to an oil price collapse.

72 + 40 + 35 + 8 TORNADO's--which makes for a total of 155--is an attractive piece number for a 7th lot. Will there be any more? Maybe a few machines for the Italian airforce, which has also shown great interest in the ECR. In addition, the Turks also have a great desire--the main thing standing in their way is the need for the funds. And Japan also counts as a potential customer--Panavia has quoted on 60 or 100 aircraft, primarily in the German navy version--possibly armed with KOR-MORAN. If the Japanese "bite," then actually only a few aircraft would be shipped from Europe--the bulk of the order would be built on license in Japan.

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## DETAILS OF FRG, ISRAELI ARTILLERY AMMUNITION ENHANCEMENTS

Bonn WEHRTECHNIK in German Oct 85 pp 112-120

[Article by Wolfgang Flume: "Artillery Ammunition: Improved Effect on the Target"]

[Text] The significance of artillery on the battlefield is often underestimated. The reinforced armor on more and more vehicles is countered by new artillery developments, which in the future should have a greater effect on the target. Among these improvements, as a type of first step, is the bomblet ammunition for use against semihard targets. Then in the 1990's, the seeker-detonator ammunition against hard targets will be ready, and somewhat later comes the terminal-phase guided ammunition, which roughly seeks its point target by itself in the target area. The following article points out the evolving trends, related primarily to the equipment of tube artillery of the German Army.

In this and in coming years, the German artillery will undergo a thorough and more significant transformation than ever before. Several prominent points are the introduction of:

--the artillery Command-Information and Fire Control System, which will greatly accelerate the transition of reconnaissance results into fire commands;

--the Medium Artillery-Rocket Launcher System (MLRS) will be the first means of engaging the enemy in the rear of the battlefield;

--the field howitzer 155-1 and--hopefully by the beginning of the 1990's--the tank cannon 155-1 with ranges up to 30 km, and--last but not least;

--modern ammunition to enhance the effect on the target, especially against semihard and hard targets. This should also be viewed with the idea of relying more in the future on conventional than on nuclear ammunition.

Besides the tracer and smoke munitions, explosive ammunition has also been introduced into the German tube artillery--this will be discussed later. This ammunition is fired:



--as 155 mm caliber from the 155-1 field howitzers and the M-109C tank cannon with ranges in the future up to 24 km;

--as 203 mm caliber from the M-110 self-propelled howitzer, which is also able to fire nuclear ammunition.

Notice here that a range-enhanced munition is being developed for the 155 mm caliber. The base-bleed projectile will have a range up to 30 km, since the projectile length was not increased, the useful volume--for explosive or bomblets--is somewhat less: about 10 to 12 cm of the projectile length is taken up by the base-bleed part of the projectile. Another projectile for increasing range is the use of a longer tube, e.g. with 45 caliber lengths as used in howitzers in Austria and South Africa. Although NATO has no notable interest in such long tubes, Rheinmetall Co. has developed such a gun tube with a charge space increased from 18 to 22.7 l, which could be used to replace the existing 155-1 field howitzer. Due to the larger propellant charge and the longer tube, the muzzle velocity was increased to more than 900 m/s--and the range to about 30 km, all while using a conventionally shaped projectile which offers more space for bomblets than the slender projectile of the Austrian or South African howitzers. If a base-bleed projectile were used in this tube, then the range would be about 35 km.

The effect of explosive ammunition on semihard targets--these include armored guns, APC's, artillery emplacements, etc.--and especially hard targets (like battletanks), is viewed as very limited. Projectile fragments act primarily only against soft, unarmored targets, like personnel and vehicles. At the same time, the effect takes place more in a target area (fire zone)--into which several projectiles are fired--in the hope that the target elements located there will be hit at least by several fragments. In recent years the effect against soft targets has been improved somewhat by the introduction of reliable proximity of spacing fuses, which detonate the explosive charge at about 8-15 m height above the ground, so that the fragments act on the target more from above. A new proximity fuse is the AEG-developed projectile proximity fuse GAZ with a radar sensor.

The requirement to hit and destroy point targets will probably only be fulfilled in the long term. This cannot be attained with a reasonable effort, merely by improving the accuracy of the guns--this is easier to attain if projectiles find/are guided to their targets and the charge effect is sufficient to destroy the target.

#### Bomblet Ammunition--A First Step

Quite a long time passed between the development and introduction to the troops of bomblet projectiles, as the first step in engaging semihard targets with tube artillery ammunition. The development began in the United States at the beginning of the 1960's; the introduction did not take place until the end of the 1970's. The projectile itself has the designation M-483 A1 and contains 88 M-42 bomblets (which are practically identical to the M-77 of the MLRS). These bomblets are small hollow charges with a diameter of about 38 mm. The casing surrounding the shaped charge ensures a certain stand-off upon arrival

at the target--the optimum stand-off for a shaped charge of this caliber is about four caliber lengths, so that a bomblet will "only" be able to penetrate armor with a thickness of 4-5 shaped-charge calibers.

The casing splits into fragments upon impact with the target or ground, but together with the impact fuse, it is the critical element of the bomblet--details provided later.

The projectile itself has a time fuse which detonates it at about 350 m altitude above the target zone, and releases the bomblets. The bomblets are then mechanically armed by a stabilization band (cloth plume) and fall to the ground where they impact at about 50 m/s. The initiation of the detonation occurs via an impact fuse. A projectile with bomblets covers an elliptical area of around 150 x 110 m, since the target areas of several projectiles of one battery will overlap, it might be assumed that the point targets located in the target area will be hit by bomblets. From the required PKH-value (Probability of Kill given a Hit), or the destructive effect on the target, the number of bomblets needed per target area can be computed--with the result that bomblet ammunition will have to be used in great numbers, like explosive ammunition, but with an effect on semihard targets better by several factors. This compensates for the higher costs, which amount to ca. DM 2,000 for one bomblet projectile, compared to DM 600 to 1,000 for a high explosive (HE) projectile--without fuse (DM 300) and propellant charges (ca. DM 800).

The disadvantage of the M-483 projectile--several thousand of which have been purchased by the W. German Army--is the limited range of about 17 km, since it cannot be fired with the largest charges, in order to prevent excessive accelerations. The reason is the insufficient strength of projectile and bomblet casings for the largest charges--they become compressed due to the tremendous accelerations--in field howitzers up to 18,000 g force is attained (the bomblets at the back of the projectile are "stressed" by those lying above them). Furthermore, the reliability of the impact fuse mechanism does not fully meet German requirements--undetoned bomblets are not to remain in the target zone and form a permanent danger. This can be the case, e.g., when bomblets "soft" land in tall grass, in bushes, or in snow.

The deficiencies of the M-483 projectile led in recent years to efforts in Germany and Israel to find better solutions, and in Germany there was some movement from the original planning to participate in a European licensed production of the projectile and bomblet. Eurometaal as European licensee, is just now receiving its first contract from the Netherlands and Great Britain for the M-438A1 projectile and M-42 bomblets.

In Germany, Diehl and Rheinmetall were developing new bomblet projectiles for the last 3 years; in Israel the development was by Israel Military Industries.

The Diehl projectile was designated MDN-70 and its dimensions are identical to the M-483 projectile; the projectile body is produced by Raufoss in Norway. It contains 70 MDN-425 bomblets of about 42.5 mm diameter. The bomblets in a projectile vary slightly in size: Besides those with normal casing thickness, the front of the projectile contains some with a pronounced thinning, so the

top weight on the lower bomblet layers is reduced. But the bomblet action is the same. The projectile is designed for greater accelerations and thus can be fired at ranges up to 23 km.

The Rheinmetall bomblet projectile is designated RB-63; the B stands for the Italian firm BPD, which cooperated in developing the projectile casing. The projectile can hold 63 bomblets, which can be the Rh II under development at Rheinmetall, or the bomblet developed by Israel Military Industries for which Rheinmetall holds a production license. Rheinmetall presently offers the RB-63 with the Israel bomblet to the W. German Army. In addition, Rheinmetall's RH-49 bomblet projectile contains 49 bomblets and is supposed to use a base-bleed motor to achieve ranges up to 30 km.

Both firms have since developed and produced several hundred projectiles for technical testing, using their own R&D funds. Some of them contain partly live bomblets, since in Germany no fully live projectiles can be fired.

The CL-3109 projectile currently under development by Israel Military Industries is a completely new projectile which also carries 63 CL-3022-S2 bomblets (diameter about 43 mm). In mid-June, 64 live projectiles, prestressed by environmental influences, were fired successfully in Israel, so the firm is concluding this development. As a special characteristic, a spin brake was developed for the bomblets, so that the spin caused by the projectile (around 10,000 rpm) could be reduced considerably. This is important for the shaped charge whose very spin-sensitive barb will not spread out, so its effect is not reduced.

The next step is the development in Germany and by Israel Military Industries of a self-destruct mechanism for the bomblets, so the bomblets will self-detonate after a certain time, if they happen not to detonate upon impact.

It is still uncertain who will provide new bomblet ammunition to the W. German Army. Since this involves several hundred thousand projectiles--divided into several lots--a severe competitive battle is underway. In mid-June, Diehl, Rheinmetall, and IMI produced proposals--the contract will be issued before the end of the year and delivery could begin after 1986. Diehl and Rheinmetall have great hopes for the contract--partly because of the ca. DM 10 million to 20 million already spent on development. Rheinmetall can also point to the production line, currently under construction, for the MLRS M-77 bomblet. But if Israel Military Industries should win the contract--its bomblet development is the most advanced at the moment--then it can be assumed that Germany will then also acquire a production license, so that future lots--with Israeli delivery--might be made in Germany. Several European countries are interested in the improved bomblet, especially in the future ones with self-destruct mechanism, since they also have the potential for re-export.

Even if the bomblet ammunition becomes a mass-consumed item--a requirement of more than 5,000 bomblets can be assumed per artillery target area of 200 x 400 m--it is still an effective munition which will remain in use even after introduction of the seeker and terminal-phase guided munition, because even in the future enough semihard targets are expected on the battlefield

which cannot be engaged cost-effectively with seeker and terminal-phase guided munition.

In itself, the shaped charge effect of an enlarged bomblet would have a better effect against armored targets. But then fewer bomblets could be placed in one projectile, so in order to hit point targets with great probability, the number of projectiles per target area would have to be increased. This is an expensive and also time-consuming method--coupled with the general requirement of the artillery for the shortest possible fire strike in order to quickly change emplacement and hide from the reconnaissance and effects of enemy artillery.

#### Seeker-Munition--To Hit Hard Targets

In order to destroy primarily hard or heavily armored targets with high probability at ranges far beyond the effective range of directly aimed AT weapons, a completely new type of ammunition had to be developed. Very little could be borrowed from missile technology and shaped charge engineering used in missiles, since the components have to withstand large accelerations (10,000 to 20,000 g) acting for a very short time. Besides the longitudinal acceleration, there are also oscillating, diagonal accelerations which are much more difficult to compute and master, and which act on the projectiles fired from older "burned out" tubes; these forces can affect the sensors in particular.

In 1978 the development of Sense and Destroy Armor (SADARM) began in the United States. As the name states: A sensor seeks the target and ignites the projectile-forming charge at the moment when the target is detected. First, a 203-mm caliber SADARM projectile (with three submunition types) was developed in the United States; somewhat later a 155-mm SADARM development (two shots per projectile) was begun. The 203-mm development was terminated last year and now efforts are concentrated on a 155-mm munition which can be used in tube projectiles and from dispensers, etc. Through this desired, greater range of application, larger production numbers will result and thus lower prices. The first fully successful shot using the seeker process, etc., took place in the United States in April of this year.

Since the cooperative effort on seeker munition desired by Germany did not come about, about 3 years ago a separate development began in Germany. At first, work began on the 203-mm caliber, since it was thought that only this type of large P-charge would be able to destroy armored targets. In the meantime, the P-charge technology has progressed so now, the 155-mm projectile is in the foreground of interest. The feasibility of thin-wall projectile casings has now allowed an increase in the useful inside diameter of the 155-mm projectile for the shaped charge. Rheinmetall for example, used a finite-element computer method to develop a projectile of this caliber which has a wall thickness of only 3 mm. This projectile will have broad applications due to its increased useful volume; it has already been fired with an overpressure propellant charge. In Germany, the end of the 203-mm projectile concept phase is at hand; the 155-mm projectile is in the definition phase. Introduction of this ammunition to troop units is expected by the first half of the 1990's. Diehl and Rheinmetall are using a significant amount of their own funds to develop seeker ammunition--in a competitive effort, which has become nearly the standard in Germany.



Whereas Rheinmetall has designated the ammunition as Target Recognition, Projectile Forming Charge (ZEPL), Diehl chose the name HABICHT for the projectile (with reference to the BUSSARD experimental, terminal-phase guided mortar shell); the munition is called SPSM = Sensor Ignited Antitank Submunition.

Previous development work in Germany on seeker munition has been quite successful, both on the projectile-forming charge (research results at the Ernst-Mach Institute in Weil am Rhein were quickly converted into development work), as well as on the sensors.

The projectile-forming or P-charge is a type of shaped charge, but the lining mass of the charge remains cohesive after the detonation, so no barb is formed. The projectile flying at about 2,000 m/s acts on the target like a type of plump KE projectile. At a distance of 100 m the roof armor of hard targets can now be penetrated; the fragment effect in the tank is also considerable.

A combination of IR and millimeter-wave radar sensors can be used, and the sensors are usually extended/unfolded at the side of the munition; the radar sensor can also be placed ahead of the P-charge. There are several potential combinations: An IR sensor can be used which operates in one or two windows, or at two frequencies in one window; for the radar sensor there are likewise several frequencies (35 GHz or, as preferred in Germany, 94 GHz); in addition, it can be active and/or passive (radiometry). Through multiple sensors the jammability of seeker munition can be reduced. A large number of sensors does not necessarily mean a greater complexity. Several simple designed detectors can be linked by suitable signal processing so that a target can be made out with high accuracy, as is otherwise possible only with a complex sensor.

The sequence of action of seeker munition is as follows: At about 500 m above the target area the two or three submunitions are ejected from the back of the projectile by a time fuse. At one end of the munition a parachute opens which slows it down. At the same time, the spin is reduced, e.g., by fold-out fins. After ejecting the brake chute, the main parachute opens and assures the rotation (about 3 rpm) and hang or aspect angle (for the sensors) needed by the munition for the target search process. At a height of ca. 150 m the munition is fully operational after the sensors have been extended or activated. The sensors of the slowly descending--about 10 to 20 m/s--munition scan the ground in ever-decreasing spirals--the search region is about 10,000 m-squared. If a target is recognized as such (armored steel mass of certain dimensions and temperature), then the P-charge acting in the sensor direction, is triggered and it is to hit and destroy the target.

The seeker munition is still a type of area munition, but is used against quasi-stationary targets. The scan spirals will overlap slightly, so that a double-hit target is quite possible. The advantage of the ammunition is that it can engage hard targets; in addition, with good target reconnaissance, targets can be engaged on the battlefield at close proximity to our own troops--the fire accuracy of artillery is sufficient for this. The ammunition costs might be about 10-15 times higher than for bomblet munition, but still it is more cost effective against armored targets, since far fewer projectiles will have to be used.

Work on similar munition is also underway in France (ACED) and Israel.

A refinement of the seeker munition to engage even harder targets is possible. To do this, instead of a P-charge, a shaped charge would be used--like e.g. for the AT directional mine--which is triggered upon impact on the target.

#### Terminal-Phase Guided Munition--The Nonplus-Ultra?

The next step might then be a terminal-phase guided tube artillery projectile--not to replace, but to supplement the seeker munition, especially against targets with heavy armor. Perhaps the effect of the P-charge against future armor will no longer suffice, even though proponents of the P-charge are of the opinion that its development potential is not yet fully utilized. In addition, the seek range of terminal-phase guided munition will be somewhat greater than that of seeker munition.

A type of precursor--which has not received recognition expressed in procurement orders, even in America where it was developed--is the guided artillery projectile COPPERHEAD made by Martin Marietta Co. Due to the considerable acceleration values, its range is limited to ca. 16.5 km; COPPERHEAD needs a target illuminator (on the ground or from helicopter). The seeker guides the projectile to the illuminated target. Changes in projectile design have since led to a flatter flight path in the search phase; after penetrating the frequently low cloud cover over Central Europe, the seeker will have sufficient time available to find the illuminated target.

No target illuminator is needed for the terminal-phase guided artillery munition, now in early stages of development. The development in the United States and Europe is probably at about the same stage. But this means that Europe does have a chance to get to market with a new technological application. And perhaps there will also be some transatlantic cooperation: At present, 11 of the NLAG countries (NATO Industrial Advisory Group) performed a prefeasibility study to determine whether a terminal-phase guided projectile of the TGSM type (Terminal Guided Submunition), as is under development for MLRS, could also be used by the tube artillery. The TGSM would then be acceleration resistant and used as a type of subcaliber projectile in a 155-mm projectile and ejected over the target area to find a target there by scanning the terrain with its seeker.

In the United States the Conventional Geometry Smart Projectile (CGSP) project is underway at Honeywell, Martin Marietta, and Raytheon to find such a projectile; in Germany, Diehl, and Rheinmetall are active. Diehl's concept is the EAP (Terminal Phase Guided Artillery Projectile), which is more of a solid projectile, whereas Rheinmetall's EPHRAM (Terminal Phase Guided Tube Artillery Munition) operates more as a "subcaliber projectile," as is being developed in the United States. The terminal-phase guided projectile as submunition, is inserted into a type of carrier casing. The gunner (or automatic loader in SP guns) would find no notable difference between conventional and terminal-phase guided projectiles.

These terminal-phase guided projectiles might come into use by the second half of the 1990's, or after the MLRS terminal-phase guided rocket artillery



projectiles, whose development began earlier, and whose sensor design will surely have an impact on the tube artillery projectiles.

Terminal-phase guided rocket and tube artillery munition will have different uses. The TGSM of MLRS have a longer-range--over 40 km--and also the region scanned by the seeker is larger--several km long and several hundred meters wide. This relatively large search area results from the target spectrum--tank columns moving on roads at high speed far from the battlefield--and from the relatively large target deviation of rockets due to wind.

But with tube artillery, firing will be much more accurate, so that the search area and area of effect of the terminal-phase guided projectiles can also be smaller--it might be between that of seeker-detonator munition and the TGSM of MLRS. The target spectrum consists of tanks advancing to attack. Since this will sometimes occur near friendly troops, the search area may not be too large to prevent our own vehicles from being hit. But it may not be too small, since around 100 seconds will elapse between target detection and impact of fire in the target area. During this time, a vehicle moving at only 3 km/h will travel about 100 m. The search area thus compensates for certain errors in estimation of target direction and speed.

Due to the high aiming accuracy of tube artillery, it will be possible to fire target patterns with terminal-phase guided projectiles and seeker-detonator munition, so the target area can be covered quite well.

The mobile seeker located in the projectile nose, probably with active millimeter wavelength radar as in the TGSM, will search the target area using rosetta or meander motions. The flight path corrections needed to approach the detected target--the missile must be guided in the seeker axis aimed to the target--will be generated either by small pyrotechnic charges, or by extendable fins. Due to the high projectile speed, there is not much time for guidance commands. If the projectile is to be aerodynamically controlled, then it may be possible to lengthen the flight path somewhat by using a type of glide flight as for the TGSM.

The effective charge of terminal-phase guided projectiles will be a shaped charge, perhaps even a tandem shaped charge. Thus, its effect on a directly approached target will be much greater than for the P-charge--it thus supplements it quite well. Due to the use of the shaped charge, it is necessary to greatly reduce the projectile spin.

#### Munition for All Types of Targets

The types of munition discussed above supplement each other very well, and it may be more or less assured that even given a refinement in armor, the artillery munition will still have a certain kill probability, or at least an optimum protection against P-charges (like KE projectiles) will have to be effected differently than against shaped charges. If both projectile types turn out to be insufficient, then perhaps terminal-phase guided KE projectiles can be developed; these would have to be accelerated to achieve a high impact velocity.

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## MULTI-PURPOSE 'WIESEL' AIRPORTABLE VEHICLE ON LINE BY 1989

Bonn WEHRTECHNIK in German Aug 85 pp 32-33

[Article by W.F.: "'Wiesel' Available to Airborne Units Beginning in 1989"]

[Text] It looked almost as if the six prototypes of the air transportable, armored weapons carrier II, developed and built by Porsche beginning in 1973 under contract from the Bundeswehr for the airborne forces, were going to sit in museums collecting dust or even be scrapped when development was halted for financial reasons in the summer of 1978. Nonetheless, the "Wiesel" [weasel] has proven worthy of its name: tough and agile like its namesake in the wild, it has overcome this shock and is now celebrating a kind of "rebirth."

Since the airborne forces insisted on a replacement for the outdated KRAKA, the market was tested again in the summer of 1981 for an airtransportable TOW/MK 20 mm weapons carrier, with the result that the only possible options were the WIESEL and a vehicle to be based on the Daimler-Benz JEEP-type all-terrain vehicle. In March 1983 a new tactical requisition for an airborne TOW/MK 20 weapons carrier was issued. In September 1984, after detailed evaluation of the two competitors, the decision was made to go with the tracked vehicle, whose particular advantages included its armor and its airtransportability (with its shorter length it is easier to accommodate two vehicles in a CH-53).

Since June 1985, Porsche has had another 17.34 Mill. DM development contract in house. It provides, among other items, for the finished development of two models of the vehicle: a TOS-carrier with 5 - 8 and 3-man crews, as well as a weapons carrier with 20-mm machine cannon with 400-round munition and two-man crew. The fighting weight is about 2.75 t. A total of two prototypes (two each with TOW and with fixed gun) are supposed to be tested, using two of the hulls from the prototypes built in the 70's; two hulls are being built from scratch. The other two "old" vehicles will be used later as component test carriers.

Based on test results, the design of the new vehicles varies somewhat from the "old" vehicles by using new technologies to meet new military requirements:

- o Installation of a five cylinder 64 kW (87 hp) AUDI 100 turbo-diesel engine
- o Fully automatic ZF transmission (it was previously semi-automatic).
- o Reworked continuous track, in order to eliminate its tendency to slip off (this included reinforcing the track guide gear).

- o Enclosed hull roof on both versions.
- o Rh 202 20-mm gun, now on a rotating turret; the optical system is on the right next to the gun.

The development stage is to be completed by 1987. Production bids are scheduled already for the end of 1987. All German armored vehicle manufacturers are likely to compete--and probably a few others besides. Krupp MaK, which acquired the export rights for the WIESEL years ago, has the best chance. In total, the Bundeswehr wants to acquire 310 WIESEL for delivery beginning in 1989, 190 vehicles with TOW, and 120 with machine canon (the decision still has to be made whether they shouldn't select the Mauser 25-mm cannon right away for the 90's).

The WIESEL may even have some [market] chances abroad. The US Army is interested (they tested the WIESEL with good results), as is the US Marine Corps. The special advantage of the WIESEL is its airportability in helicopters. In the past, however, for want of the appropriate vehicles, combat forces have only required airportability under helicopters, which, however, strictly limits the speed and maneuverability of the helicopter. The WIESEL ought to open up new possibilities in this area.

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## FORCES TO GET NEW DOMESTIC MADE ANTIAIR RADAR VEHICLE

Helsinki HELSINGIN SANOMAT in Finnish 21 Dec 85 p 15

[Text] The defense forces are renewing the command-centers of the anti-aircraft troops. The development of the command-center system has been underway for about 5 years already, and currently the second prototype equipment is being ordered. A radar vehicle, a command-center vehicle, a communications system with its links and radios, and marking stations in the firing units are all a part of the system.

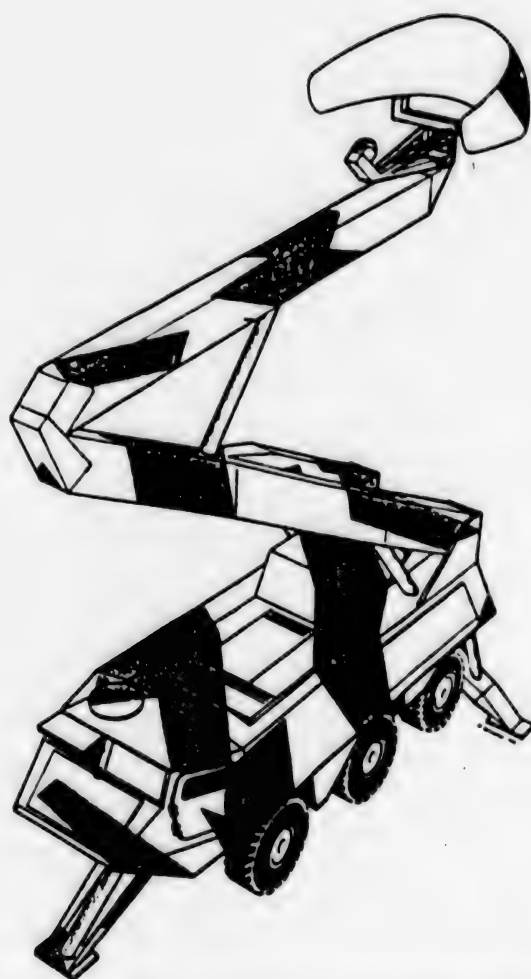
The command-center will gather information about conditions in the air and relay them automatically to the head of the anti-aircraft forces and to the firing units. The system functions as a part of both anti-aircraft and anti-missile defense.

The military supply commander, Major General Uolevi Anthoni, writes in the current SOTILASAIKAKAUSLEHTI, that the development of the command station has proved to be a difficult task, for instance because of increasing requirements.

Part of the command-center system equipment is in the prototype stages; the first serial acquisitions have been made from the other part. The first serially made radar vehicles developed from the basic Pasi transport tanks have been ordered from the firm Jantronic Oy. The value of the purchase is 17 million markkas.

The radar-Pasis have, in addition to the radar, a marking mechanism with calculators. From the Pasi, information about weather conditions is automatically relayed to the command-center vehicle and to the firing units.

Anthoni reports that the new command-centers will be in operational use by the army in a few years.



Uuden tutka-ajoneuvon pohjana on Pasi-kuljetuspanssari.

Pasi Transport Tank is the Basis for the New Radar Vehicle

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CSO: 3617/45

## MANAGEMENT, DIRECTION CHANGES LIKELY AT DASSAULT

Paris LE POINT in French 30 Dec 85 pp 50-51

[Article by Jean-Pierre Adine]

[Text] Something is silently brewing at Dassault--as regards its strategy and, possibly soon, its top management structure. And that something is not superfluous, because the coming 12 months will be decisive for the firm's future. The legendary plane builder, bugbear of the Americans (it exports between 70 and 80 percent of its production), is now faced with making some choices that are of the utmost importance--but that are far from easy!

## Its Market

"It is now essential that we recapture market share in Europe," is the murmur being heard around the firm's head office at Vaucresson. When its extraordinary Mirage venture began in the 1960's, Dassault succeeded in selling its planes first in Israel, Australia and South Africa, then in Switzerland and Belgium--all industrialized countries. Today, its most recent production-line offspring, the 2000, is being bought mainly by developing countries. But the Third World is volatile and heavily burdened by debt. Because planes are costing more and more to build, the push to sell more planes is certain to become implacable. The risk looms large for a firm like Dassault that it may be left with only the flimsiest of baskets for all its eggs. A symbolic illustration is the setback--a temporary one?--suffered by French wings in the Saudi market.

## 'Splendid Isolation'

Caught in a vise between the aggressiveness and formidable financial standing of the American builders, on the one hand, and renascent competition from the British builders, with Margaret Thatcher's very effective backing, on the other, the French firm owes the fact that it has prospered, then survived as long as it has, to its technological prowess and the quality of its teams. But today, it finds itself particularly isolated in the world. This is obvious from the ups and downs of the European combat plane, on the subject of which many untruths have been written or spoken by its enemies, or more simply, by way of disinformation.



For, if the French Government had really wanted Dassault to build the European combat plane together with the British, the Germans and the Italians, it had ways of forcing it to eat humble pie. If it did not do so, it is because it was not to the Government's advantage to do so. General Capillon, Air Force chief of staff, makes no secret of his preferences: Better to have more light, hence less costly, planes, than a lesser number of heavy, hence more costly, planes. In short, France does not need as long-range a plane as the British have very ably succeeded in imposing on their partners.

Be that as it may, in this matter, it is the builder alone who is having to bear the brunt of France's withdrawal. And to top it all, the builder is having to endure a reputation for megalomaniac solitude, of which the British--industrialists and media--have been quick to take advantage.

#### The Succession

It is in this context that the problem of renewal of "the bosses" must be viewed. Despite the loyalty to the hierarchy everyone is showing at Vaucresson, Saint-Cloud, Merignac and elsewhere, despite the immense veneration that surrounds the "founding father," Marcel Dassault, 94, and despite the recognized merits of Benno-Claude Vallieres, 75, the firm's current president, the malaise that stems from the immutability of a very aged leadership--a leadership that has even abandoned the confines of the head office and is edging its way into political circles, those of the majority as well as those of the opposition--is clearly perceptible now. And there is restiveness because the members of the old guard have still not designated their successors. Need it be left to the firm's competitors and the media to ramble on, as they are beginning to do, about the "gerontocracy" of the firm? Is there not a danger that the State--up to now the firm's silent and prudent partner--will awaken and start advancing one or another of its pawns at the wrong time?

Fortunately, neither the firm's production nor its design activities are suffering from any aging whatever: The new teams are already at work. The experts who are analyzing everything that has been incorporated into the Rafale, unveiled 14 December at Saint-Cloud, are unanimous in their admiration. And it is a known fact today that Hermes, the future "Franco-European" space minishuttle, will owe much to Dassault.

But at the core of geopolitics, technical know-how alone is not enough. Some cadres--and by no means the lowliest among them--have clearly understood this. Without fuss, they silently bring their weight to bear on the decisions of the firm. Who are they?

Four "musketeers" of widely different temperaments and origins. Strictly speaking, they do not comprise a "court clique." And they don't have to write confidential notes to exchange ideas. For they see each other frequently: Bruno Revellin-Falcoz, 44, technical director; Hughes de L'Estoile, 47, "boss" of international affairs; Charles Edelstenne, 47, secretary general; and Pierre Francois, 59, special assistant to the president. They are the ones who are presently trying to persuade Marcel Dassault to open up in

Europe. "Politically, we are condemned to building a European plane," they have told him. "In any case, we will no longer be able to sell even a single plane to any industrialized country whatever if that country does not share in its manufacture."

The big change is definitely under way. Proof? The Brazilians have just heard this never-before-spoken profession of faith from the mouth of the firm's representatives: "We are fully prepared to consider entering into a joint venture to build a sophisticated interceptor plane, the prime contractor for which would be Brazilian..." In Japan, the builder's "dispatches from on high" have contained the same language. And rumors have it that hands are being stretched across the Atlantic from both sides, between Vauclerc and California (where the cream of the American aeronautics crop is based). Who would have believed it?

Yes! But who will officially head this revolution? Who will be the boss and when? Marcel Dassault (principal shareholder) and Benno-Claude Vallieres have still not laid their cards on the table and no one can answer these questions. However, the change will have to be speeded up. Unless this is done, computations and exegeses threaten to upset the serene discipline that--among other things--accounts for the success of the firm. No one believes for a second that Francois de Grossouvre, personal friend of Mitterrand and recently appointed as an adviser to the firm at Mitterrand's request, can become its man of the hour. The direct descendants of the founder--Serge and Olivier Dassault--would not swing any greater unanimity in the uncertain event either of them were to feel the ambition to present himself as a successor. The four musketeers obviously would prefer that the future "big boss" be chosen from their quartet.

In any case, it is hoped that a new and strong executive body will be able to conduct the firm according to the strategy it adopts. An example: Building a plane together with the Belgians, the Dutch and perhaps the Norwegians or the Danes--all users of the American F 16--assumes distancing from the Rafale... which, after all, has not yet even been equipped with its engines! "We are prepared to do anything... including building another plane," says one engineer. And since in the design bureau reflexes are still razor sharp, a Rafale to the extent of 80 percent, equipped with a single jet engine, is already under study. Why? Simply because a single-engined jet seems to be what the above-mentioned countries prefer.

Be it never said: Behind the facade at Dassault, something is definitely changing.

9238

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## OFFICERS DISCUSS INCREASING NAVAL FORCES IN NORTH

Oslo AFTENPOSTEN in Norwegian 30 Dec 85 p 3

[Article by Liv Hegna]

[Text] Norwegian authorities want to influence and control the reduction of tension in our northern regions. But is this possible if our navy is unable to participate in allied naval forces in the Norwegian Sea, either with ships or with personnel in key positions in multinational forces? This question remains after a seminar last fall on Soviet military doctrine and strategy. The seminar was a result of cooperation between reserve officer associations in the United States and Norway.

Several speakers advocated an increased American naval presence in the area. The fact that an aircraft carrier group led by the USS America visited Vestfjorden and sailed in Norwegian waters during September is seen by leading officers as an important political and military indication of an increased resolve to counter Soviet naval capabilities. There may be other solutions, however, that would better serve Norwegian security interests.

## Troubling

There is a widely held concept that the Soviet naval forces are defensive in nature, until the situation calls for something else. It is assumed that they will want to stay behind a line from Greenland, to Iceland, and on to Great Britain. At the seminar the inspector general of naval forces in Norway, Rear Adm Bjarne Grimstvedt, said it was troubling that Norway was located behind the advanced defense lines of the Soviet Union. This was also demonstrated during the Soviet Union's summer naval exercises this year.

The Soviet objective in taking North Norway under certain circumstances would be to prevent NATO naval forces from coming too close to sensitive Soviet areas. Secondly, it is believed that the Soviets would attempt to gain control over Norwegian ports, so that diesel-driven submarines would be unable to rest and take on supplies during extended periods of combat. As an aside, there are those who believe that this is why Soviet submarines are ordered to enter Norwegian fjords in times of peace.

## Main Goals

Theodore Neely and Wayne Wright from the Office of Naval Intelligence in the United States listed the following main objectives of the Soviet fleet:

- Destroy aircraft carrier groups;
- Cut off NATO sea routes;
- Defend their own base areas and supply lines;
- Destroy enemy land objectives;
- Destroy enemy antisubmarine forces;
- Destroy strategic enemy submarines.

Neely and Wright said that the Soviet strategy with regard to North Norway must be seen on this background. They also believe that the Soviet Union has built up a sea-going fleet that the superpower does not know how to use. At present, these forces are believed to be more or less integrated with land operations. It is possible that the vessels would be unable to use their most favorable positions before the other forces began their operations. Neely and Wright believe, however, that it is only a matter of time before the Soviet fleet will be able to conduct independent, advanced naval operations on a par with those presently carried out by the United States.

Even though Neely and Wright could point out significant weaknesses in the Soviet fleet today, the existence of this fleet already affects allied thinking and actions. Admiral Grimstvedt believes that we in the West must believe Soviet Admiral Gorshkov when he says that his goal is to create a balanced fleet that can operate defensively when it should and fight offensively when it must.

## European Presence

From a military standpoint, it is clearly in the interest of Norway to guarantee a European presence in the Norwegian Sea in order to avoid the creation of a Mare Sovieticum here. The desire to establish a Norwegian squadron of naval defense vessels within the framework of NATO's standing Atlantic force, Stanavforlant, has been discussed for some time. This squadron could be placed under the command of the eastern Atlantic Ocean, Cinceastlant, and be stationed in the Norwegian Sea on a more permanent basis. A solution of this type could preserve a low level of tension in the northern regions, while meeting the need for "flag waving" at the same time. It is unfortunate, of course, that Norway has only five frigates that could be included in such a fleet. In addition, our frigates would have to be used on Norwegian escort assignments in case of war.

The shortage of escort vessels in Norway could be offset, however, if Norway would offer skilled seamen for staff assignments or command positions, for that matter. Other countries, such as Great Britain and possibly West Germany, would have to provide vessels for a force of this type. Supplying personnel, on the other hand, would be a good solution for a small country such as Norway, if we choose to participate actively in maintaining a low level of tension in the north.

## HOME GUARD GENERAL: FORCE WELL SUITED TO COMBAT SPETSNAZ

Oslo AFTENPOSTEN in Norwegian 31 Dec 85 p 5

[Article by Liv Hegna]

[Text] The Norwegian home guard is well suited to combat specially trained Soviet spetsnaz troops who may be sent to sabotage objectives in Norway. This was stated to AFTENPOSTEN by the inspector general of the home guard, Maj Gen Ola Berg. He believes that the home guard will be involved in an evaluation of the spetsnaz threat now underway at the Supreme Military Command. A representative of the home guard staff probably will join this group early next year, according to Berg.

Even during the formulation of the long term military plan for 1984 to 1988, parliament decided that the home guard should be considered for countermeasures against the spetsnaz threat. The present budget includes allocations only for the training of specially chosen police forces, however. Maj Gen Ola Berg, on the other hand, believes that the home guard is well suited to combat the spetsnaz threat because home guard members are found in every village and town.

"These people are well known in their region. They will be the first to notice anything unusual. Home guard members are not now trained for this task, but this could be corrected easily. The home guard is prepared to take on this task," Maj Gen Ola Berg said.

When asked if it were true that the Norwegian Broadcasting Company would be prohibited from entering areas defended by the home guard in case of war, Berg answered that he knew nothing about such plans and assumed that this was not the case.

"Radio stations themselves will be targets for specially trained enemy sabotage groups," he said.

The book "Soviet Military Power," which is published by the American Defense Department, states that there are spetsnaz groups in all Soviet naval units and that they are under the authority of the intelligence service, GRU, of the Soviet general staff. These forces comprise a brigade in each of the four Soviet fleets, one of which is the northern fleet based on the Kola Peninsula.

In the event of war, teams of five to 12 men will be transported to points of attack by air, submarine, or surface vessel. The training of spetsnaz forces includes parachuting, sabotage, and the demolition of buildings. They are also trained in foreign languages, such as English and French. In addition to destroying military facilities, other objectives of the spetsnaz forces would be power plants, railroad lines, and oil facilities. They would also assassinate prominent politicians, military leaders, and industrialists.

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CSO: 3639/53



## BRIEFS

KRUPP SONAR FOR SUBMARINES--Krupp Atlas Elektronikk Norge A/S has signed a contract with the Naval Materiel Procurement Command for the delivery and installation of new sonar equipment for Kobben-class submarines. The contract is valued at about 40 million kroner. This purchase is part of a modernization program that the navy has planned to carry out for this type of submarine. [Text] [Oslo AFTENPOSTEN in Norwegian 30 Dec 85 p 10] 9336

CSO: 3639/53

## BILDT CLAIMS RENEWED INTRUSION BY SOVIET SUBMARINES

Stockholm SVENSKA DAGBLADET in Swedish 17 Dec 85 p 7

[Article by Hans O. Alfredsson]

[Text] During the past month, submarine intrusions have occurred deep into the Swedish archipelago. The number of intrusions reported by the commander in chief during 1985 has also been greater than the figure for 1984.

This was stated by the Conservative spokesman on foreign and defense policy, Carl Bildt during the interpellation debate in parliament on Monday.

Bildt had asked the prime minister a series of questions concerning the government's view on the submarine intrusions. The prime minister passed these questions on to the new defense minister, Roine Carlsson, who basically quoted what the Submarine Defense Commission of 1983 and the Defense Committee of 1984 had said.

After the defense minister read his response, he ignored Bildt totally in the continued debate. On the other hand, he gave two short responses to the Liberal Party's leader in parliament, Ingemar Eliasson.

#### Shares Commander's Opinion

In his response, Roine Carlsson stressed that the government shared the opinion reached by the Submarine Defense Commission, the Defense Committee, and the commander in chief.

"We will use all available means to maintain our national integrity," he promised. "If the nationality of intruding submarines can be determined, Sweden will react with the greatest severity. From the standpoint of defense policy, we will continue to carry out the measures that have been initiated."

Our goal, he continued, "is within the framework of a balanced development of our defenses, to increase our ability to turn away intruders so that anyone considering violating our territory will no longer consider it to be worth the cost."

### 'Miserable Performance'

Carl Bildt said that the defense minister's response was "curt and skimpy." He also said that the prime minister had put on a "rather miserable performance" by choosing not to present his own opinion to parliament.

"I say that even though a miserable performance may not have been unexpected."

During the debate, Bildt had several follow-up questions for the defense minister. When he received no response, he promised to bring them up again during another interpellation session. He said that the government must have some opinion concerning, for example, the nature and extent of intrusions during 1985.

Reported intrusions "deep into our archipelago this past month" are being taken seriously by the commander in chief and the government must be aware of this, according to Bildt.

### Redistribution

Bildt also reacted to Roine Carlsson's claim that the military had received the "resources and authority recommended by the commander in chief." This is untrue, according to Bildt. The commander was forced to limit his submarine defense plan to the "lowest of the various levels studied by the navy."

Of the 950 million kronor in extra money for antisubmarine measures between now and 1990, only about 200 million kronor represents "new" money, according to Bildt. On the other hand, 450 million has been redistributed within the navy and 300 million has been taken from other branches of the service.

"The extra effort now being made cost only slightly more than a modern Finland-Sweden ferryboat and four fifths of the cost is being paid by weakening other sectors of our defense system," Bildt said.

### Soviet Relations

Ingemar Eliasson discussed the prime minister's announced trip to the Soviet Union. He pointed out that it had been impossible to determine the nationality of the vessels that had violated Swedish waters in recent years.

"Since it was proven in the past that the Soviet Union had violated our territorial waters, however, the continued intrusions must place a strain on our relations with the Soviet Union. The prime minister will have an opportunity to make this clear to the Soviet leadership during his visit to Moscow."

Like Bildt, Ingemar Eliasson thought the prime minister himself should have spoken in parliament.

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CSO: 3650/102

## PAPER DISAPPOINTED IN MINISTER CARLSSON'S SUBMARINE COMMENTS

Stockholm SVENSKA DAGBLADET in Swedish 18 Dec 85 p 2

[Editorial: "Defense Minister's Behavior"]

[Text] Sweden is in a serious security situation. The submarine intrusions are continuing, despite repeated Swedish protests and even though a Soviet submarine ran aground near one of our most important naval bases.

At the same time, defense questions are burning and important decisions regarding the future of the Swedish military will be made within the next few years. The country's commander in chief has described the upcoming defense resolution as a turning point.

Of course, in this situation it is extremely important for leading politicians to communicate with one another in a natural and trusting manner. The government must be able to discuss our vital security problems with prominent representatives of the opposition in an objective manner.

Parliament is an obvious and natural forum for such an exchange of ideas. After all, in our form of government parliament is the "foremost representative of the people." The government must treat an organization of this type with respect.

The lack of respect of certain government members, under the leadership of the prime minister, was demonstrated most recently in Monday's interpellation debate. Conservative Party defense expert Carl Bildt, a member of the Foreign and Defense Committees of parliament, asked Prime Minister Olof Palme a series of questions on the continuing submarine intrusions into Swedish territorial waters.

Palme refrained from stating the government's position in parliament, however. This is remarkable in itself. Recently, before other forums, the prime minister has delivered major security policy speeches. As Liberal Party member Ingemar Eliasson noted:

"The fact that similar declarations were not made to parliament may give rise to the suspicion that the prime minister does not appreciate the importance of this issue or of the role of parliament."

Instead of Palme, Defense Minister Roine Carlsson was given the task of representing the government. If the prime minister's absence may be called "unappreciative," then the defense minister's performance probably would not receive any high marks, either.

Roine Carlsson read a general declaration that consisted mostly of references to the Submarine Defense Commission and the Defense Committee. When this gave rise to additional questions from Bildt and Eliasson, Carlsson ignored Bildt completely and answered only briefly--and also inaccurately--the objections of Eliasson.

A Swedish defense minister simply cannot behave in this manner in parliament. It is the government that emanates from parliament and not vice versa. If prominent members of the "people's foremost" organization ask relevant questions on vital matters, then representatives of the government must make every effort to answer, instead of demonstrating pure arrogance.

Roine Carlsson acted in a similar manner previously when he was acting industry minister. When he was supposed to explain to parliament the government's shady dealings in the Zenit affair, Carlsson refused to take his turn in the debate. He read a prepared statement and said no more.

Roine Carlsson probably has no reason to ride a high horse in his dealings with experienced members of parliament. His insight in defense and security policy was admittedly limited when he became defense minister in October and, judging from his response, Roine Carlsson has not improved his knowledge of the subject to any great extent.

This is all the more reason for the defense minister to build reasonable relationships with politicians from whom he actually has something to learn.

Roine Carlsson should not attempt to imitate Olof Palme in his arrogance, but rather learn from his predecessor Anders Thunborg. To be sure, we may object to certain aspects of Thunborg's defense policy, but he always tried to maintain good relations with the political opposition. When Palme and Bodstrom burned all their bridges and labeled the opposition a threat to peace, Thunborg stepped forward as a voice of reason within the government.

Roine Carlsson will do himself and Sweden a great disservice if the mentality demonstrated on Monday in parliament becomes the main characteristic of the new defense minister.

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CSO: 3650/102

## SUBMARINE COMMANDER CITES DIMINISHED CAPACITY OF FLEET

Stockholm SVENSKA DAGBLADET in Swedish 22 Dec 85 p 6

[Article by Erik Liden]

[Text] Of the navy's 12 submarines, only eight can be manned on short notice. The six Draken submarines that are now leaving active service can be used only after special steps are taken. Two of the Draken submarines have already been put up for sale to be scrapped.

The five submarines in the Sea Serpent series are fully modern and equipped with new long-range torpedoes, as are the three most modern submarines in the Nacken series that were produced by Kockums in Malmo in the late 1970's.

"When I was a young submarine officer during the 1960's, the navy had 24 modern submarines," the information director of the navy staff, Com Bengt Timdahl, said. "Now we have eight, with another four in so-called materiel preparedness, which means they require at least a 24-hour warning before they can be used."

In addition, Draken crews are being retrained for the new submarines of the Vastergotland class, which Kockums will begin to deliver in September 1986. This means that only eight submarines now maintain the highest level of preparedness.

In addition, the navy has a somewhat lower level of preparedness during the winter, partly because of ice problems in the Stockholm Archipelago. A submarine from the Musko base will pass under the ice out to the open waters of the Baltic Sea only if there is the risk of war.

The five Sea Serpent submarines are now operating in the southern part of the Baltic Sea with Karlskrona as their home base, while the Nacken submarines are based at Musko and patrol between Gotland and the mainland when necessary.

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CSO: 3650/102



POLL: FEW THINK SWEDEN COULD REMAIN OUT OF A NUCLEAR WAR

Stockholm SVENSKA DAGBLADET in Swedish 20 Dec 85 p 6

[Survey of Swedish Views on the Military]

[Text] "The political situation in the world is troubling, to be sure, but nothing will happen here in Europe."

This is the thinking of most Swedes, according to the annual survey of Swedes' will to defend themselves. The poll was taken by the Board for Psychological Defense.

The concern of Swedes for the "political situation in the world" is increasing, according to the survey. This year 70 percent of the people are concerning about the world situation, compared to 65 percent last year. The increase is small, but significant, according to the pollsters.

At the same time, however, only 39 percent of the people believe there is a great risk of war in Europe. This represents a significant drop. The figure last year was 51 percent.

The explanation? The investigators provide no answer, but speculate that preparations for the summit meeting in Geneva (the survey was completed in October) may have influenced public opinion.

The fact that the meeting between Gorbachev and Reagan would even take place seems to have been interpreted by many as a reduction in tension between the superpowers.

At the same time, trouble spots in other parts of the world--Afghanistan, Iran and Iraq, South Africa--are causing increasing concern among Swedes.

As in previous surveys, there is a clear difference between the opinions of men and women. Among women, 78 percent are concerned about the political situation in the world, while only 64 percent of the men share this concern.

A significant risk for war in Europe is seen by 48 percent of the women. Only 31 percent of the men agree.

There are more optimists on the question of Sweden's chances of remaining outside a major conflict. One out of every four Swedes believes there is a good chance, but the pessimists still comprise 70 percent.

The opinion of Swedes on other issues remains practically unchanged:

Sweden is a very good country to live in--58 percent.

Sweden should be changed only in certain respects--60 percent.

Our military increases the chances of keeping Sweden out of war--52 percent.

Our defense capabilities are rather low or extremely low--66 percent.

We should have a military defense--91 percent.

We should defend ourselves in the event of a military attack--78 percent.

We have too little military strength--32 percent.

Our military strength is at the proper level--49 percent.

SIFO (Swedish Institute for Public Opinion Polls) interviewed 1,043 persons between 25 September and 15 October for this survey.

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## BRIEFS

HERCULES TRANSPORTS' NEW HANGARS--A gigantic construction project will begin in 1986 at the F 7 air wing in Satenas on the southern shore of the Vanern in Vastergotland. The eight Hercules planes now serving in the Swedish air force will receive new hangars at a cost of 60 million kronor. They will be put into service in late 1987, at the earliest. The Swedish Fortifications Administration's plans are for a building of 64,000 cubic meters, which may be expanded if an additional six Hercules planes are purchased, for troop transport, for example. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 22 Dec 85 p 6] 9336

MORE LEAVE FOR SUBMARINERS--According to a decision by naval chief Bengt Schuback, all naval personnel participating in submarines hunts who cannot spend the night at their home base will be able to travel home each weekend at the expense of the military, beginning on 1 January 1986. The government regulations now permit one trip home every other week. This applies to all government employees who serve outside their home district. The expanded submarine hunt has meant that several hundred naval officers have had to face increased travel expenses. As a result, the navy chief decided to compensate the affected antisubmarine personnel with funds from allocations for maneuvers. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 22 Dec 85 p 6] 9336

CSO: 3650/102

## SWEDISH CUSTOMS INTERCEPT ADP EQUIPMENT DELIVERY TO FINLAND

Helsinki TIEDONANTAJA in Finnish 13 Nov 85 p 5

[Article by Svante Ahlroth: "Swedish Customs Confiscate ADP Shipment to Finland"]

[Text] A shipment that was on its way to Finland, containing automatic data processing equipment, is now in the hands of the Swedish Customs for inspection.

The Swedish Customs struck Sunday, 3 November, at the Stockholm harbor. The shipment remains with the customs for inspection.

According to the information received by the TIEDONANTAJA the shipment contains, among other things, magnetic computer tape manufactured by the Swedish ASEA company. The shipment was on its way from a company called Elorg, operating in Sweden, to Elorgdata, operating in Finland. The destination of the shipment was a steel plant being constructed south of Moscow.

The shipment was to leave on an evening ferry from Stockholm to Helsinki on Sunday, 3 November. The customs struck when the Olson and Wright Distribution Company's truck arrived at the ferry with its load of data-processing equipment.

The Swedish Customs officials opened the crates and found in them ADP equipment as described on the export declaration, primarily magnetic tapes for large computers. The port customs officials made one call after which the load was confiscated.

"Customs-Technical Inspection"

The control chief for the Swedish Board of Customs, Nils-Bertil Nilsson, confirmed for the TIEDONANTAJA that "the Swedish Customs has taken into its possession a certain shipment." He denies that the question is of confiscation.

"We have confiscated the shipment for the duration of the customs-technical inspection. We wish to find out whether its a question of a shipment coming under the export permit. We could find out things for which we would want an explanation from the exporter."

Nils-Bertil Nilsson emphasizes, that, at this phase, the Swedish Customs does not suspect criminal activity. Because Sweden lacks any law regulating the export of high tech equipment, the question, in this case, would be of a crime against the export laws of the United States.

According to the control chief the time table of the inspection is dependent on how quickly the exporter produces a supplementary clarification for the customs officials.

Nils-Bertil Nilsson did not wish to divulge any information on the inspection, nor the names of the importing or exporting firms. He neither denies nor confirms that the question is of the ASEA company's magnetic tapes.

#### ASEA Confirms

According to the information obtained by the TIEDONANTAJA the equipment in question consists of Swedish ASEA magnetic tapes, which the Elorg company, operating in Sweden, was supposed to convey to the Finnish Elorgdata company.

ASEA's information chief, Roger Johansson, does not confirm that ASEA's tapes are involved. He did tell, however, that the shipment ending up in the care of the Swedish Customs was on its way from the Swedish Elorg to the Finnish Elorgdata.

"The Swedish Customs did not contact us in this matter, but we contacted the customs ourselves," says Johansson.

#### Customs Cooperation

Swedish and United States Customs practice far-reaching cooperation in watching the high tech trade. Within that frame of cooperation the United States is given increasingly greater opportunities to watch Swedish trade with the socialist countries, among others.

The United States Chief of Customs, William van Raab, negotiated a new customs agreement between the countries earlier this year. According to the manager of the Swedish Customs, Bjorn Eriksson, the agreement means that the Swedish officials will give United States information about Swedish enterprises which trade with the socialist countries in high tech areas. The agreement also presumes that the Swedish Customs will be even more strict in watching over their high tech trade. The Swedish Customs has already hired functionaries--they are called export ban police--who specifically concentrate on the surveillance of this trade.

ASEA, which has been the target of special vigil, awaits a heavy fine by the United States courts for breaking the United States export laws.

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CSO: 3617/42

## FREE ENTERPRISE, FUSIONS, MONOPOLIES DISCUSSED

Helsinki UUSI SUOMI in Finnish 18 Nov 85 p 16

[Article by Matti Karhu: "Company Takeovers Under Strict Control"]

[Text] In Sweden officials can even stop company takeovers if the purchase would lead to a dangerous centralization of business from the viewpoint of free enterprise.

In West Germany a cartel office, on its part, is now battling against the centralization of retail trade. Up to now they have been able to prevent only the largest "elephant marriages."

The centralization of the food industry worries West Germany as well. The cartel office of the federal government has promised to tighten its controls over mergers and has already prevented a few gigantic takeovers on the grounds that competition would be substantially disrupted and the interests of the consumers would suffer.

Reasons for tightening the reins exist. At the moment 200 of the largest enterprises in the food industry control 95 percent of the trade. Twenty of the largest companies control 55 percent of the business turnover.

The largest of these, the German Unilever, shows a huge DM9.5 billion turnover and is on page 29 of a list of the largest enterprises.

The cartel office has especially struck at the centralization of the food retail trade. Some experts are ready to interpret this as if the battle against the mergers on production side is practically lost. The giants have taken what there was to be taken. German consumer habits will always support a certain number of small enterprises, which prepare just the right tasting sausage or special bread.

## Company Purchases Continue Also in West Germany

The West German cartel office, however, has expressed concern over the continuing takeovers by multinational concerns. Especially Nestle and the American Carnation have acquired West German enterprises and the Germans are now worried about the competitiveness of their own firms. Not long ago the cartel office forbade the additional sale of shares of the Kaufhof department store



to the Metro self-serve store chain. The enterprise took the matter to court, but the Berlin chamber court confirmed the ban on the sale of the shares on grounds that it would have excessively concentrated the retail sales of food.

At present a battle is going on over the merger of two large retail store chains. Selex and Tania are chains controlling altogether over 12,000 food stores, about 300 markets and over 100 cooperative-type stores. The total turnover of the members of the two chains was 18 billion Deutsche marks altogether. They say they wish to merge for reasons of rationalization.

The position of the cartel office is that a merger would change the chains based on free choice into a tightly controlled large enterprises which would restrict the competitive chances of the individual merchants.

#### Competition Should Not be Restricted

The enactment of the anti-trust legislation by the federal government specifies clearly and simply that mergers are prohibited if they restrict competition. Until now the ban has been strictly interpreted mostly in the nationwide merger cases. In this way an attempt has been made to block the really large "elephant marriages."

Now the interpretation is being tightened in that locally significant mergers are also being put on the prohibited list of the cartel office. The present cartel law dates from 1980 and is enforced by the cartel office in West Berlin.

Lately demands have also began to appear that the cartel legislation should include retroactive regulations. According to these the mergers already effected could be unraveled on the basis that they disrupt competition.

At first the main work of the cartel office was to prevent the large enterprises from misusing their leading positions at the market place. During the recent years the work has concentrated more on monitoring price regulations and especially on following the mergers. All company takeovers require the permission of the cartel office.

During the ten years up to 1982 the cartel office forbade 48 mergers. Perhaps the best known among them is the decision to prevent the Springer and Burda publishing houses from merging. This prevented the formation of a true monopoly in the West German newspaper market.

#### In Sweden Law Prohibits Formation of Monopolies

Swedish anti-trust lawyer, Gunnar Hermannsson, is pleased with the new law passed in 1983 concerning freedom of trade. The old law did not work. It presumed overly strong proofs. For this reason a new one was needed which would give the anti-trust lawyer the possibility of also monitoring company takeovers.

The purpose of the law is to prevent the formation of monopolies. It is also intended to ward off any trends that would restrict competition to the

detriment of the consumers. In this endeavor the anti-trust lawyer has three guidelines:

With the help of the law we can see to it that the concentration of the enterprises in any field into the hands of a few owners does not raise consumer prices.

Second, the law provides the possibility of intervention, if the weakening of competition has led to inefficiency in production, for example, in that an enterprise is keeping unnecessary workers on its payroll.

Third, the anti-trust lawyer can influence matters by seeing that concentration does not weaken the competitive chances of other enterprises functioning in the same area.

#### Partek's Name Also Mentioned

In what fields do we find tendencies toward monopolies or restriction of trade?

"The situation is serious, for example, in cement manufacturing. In this area we have, for all practical purposes, a monopoly in Euroc.

"Every once in a while rumors also surface that the Finnish Partek and the Swedish Euroc and the Norwegian Nor Cem have made an agreement for the protection of their domestic markets so that the enterprises would not be stepping on each others toes. But this we have never been able to demonstrate. The enterprises do not admit the existence of such an agreement."

#### Cooperatives Have Seized the Food Industry

"Agricultural cooperative enterprises have seized for themselves the production of food in Sweden, as well as in Finland. In Sweden they control 80 percent of the livestock butchering industry.

"The meat cutting is also in the hands of these enterprises. Same is true for the preparation of cuts. It is true that competition exists at the lower levels of the meat industry, but since the profit margins are practically used up at the butchering phase, it is difficult for outsiders to stay in business so as to make a profit.

"Sockerbolaget refines all our sugar, Arla sells all our milk, for fertilizers we rely on the Norwegian Supra Norsk Hydro, 86 percent of cheese is imported by Riks Ost, 80 percent of our feed depends on only one importer," Herman-nsson enumerates.

The list could be continued: eggs, bakery products, forestry machines, hydro-electric power, detergents, appliances....

Isn't this kind of concentration a serious challenge for the anti-trust lawyer?

"Of course, but on the other hand as long as the enterprise controlling the markets does not feel completely secure, the danger is not very great. Large enterprises can also use their assets to run their businesses efficiently. This is true in many fields in Sweden.

"The situation becomes threatening only when the others do not, in practice, have the possibility of entering the markets. But we are continually following the development of the situation."

#### Company Takeover Can Be Prevented

"In some respects our legislation is better than in Finland: We have the possibility of intervening in the company purchase. This is most important. Up to now the market court has not resolved one case. It has not had time. But we have numerous examples in which we have managed to prevent the purchase, or to set conditions for the purchase, which the enterprises have followed.

"This happened when Rauma-Repoli purchased Kockums' forestry machinery plant. In this case we set the condition that a company which had previously cooperated with Kockums in this area would be guaranteed a possibility to change over to the development of other machinery."

#### 500 Cases a Year

The Swedish anti-trust lawyer handles 500-600 cases a year, but only a half dozen reach the market court. In most cases the parties reach a voluntary solution.

"Our market court is more friendly toward competition than the comparable Finnish organ, the anti-trust council," says Hermannsson. "This is the impression I have formed. This was the situation in Sweden before the passing of the anti-trust legislation.

"We have won many cases and because of this the continuation acquires the force of a precedent. In a disputed case we need only to point to the earlier use and thus often get our will through."

Hermannsson enumerates several examples in which the anti-trust lawyer has reason to be satisfied.

"The import monopoly of internationally known trade name watches was broken, the largest wallpaper firms can no longer divide the country into sales districts from which they would exclude other merchants dealing in similar wallpaper. Retail stores can sell trade name jeans at prices they set by themselves, hot dog vendors no longer have to buy their products from given producers, etc."

Gunnar Hermannsson has working for him a staff of 30 persons, which has managed to create a good atmosphere for continued communications with the economic concerns. Because of this voluntary agreements with the enterprises are created rather easily.

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## AMERICAN, EUROPEAN FIRMS VIE FOR WESTLAND

## Sikorsky Proposal Reviewed

Paris LIBERATION in French 20 Dec 85 p 10

[Text] With the support of the British defense minister, the Europeans are getting ready to fight Sikorsky's American offer, which has been accepted by the president of the Westland company.

Extensive diplomatic and political maneuvers are being carried out around the Westland company, the only British helicopter manufacturer, whose difficulties are bringing in foreign partners (see LIBERATION of 9 and 16 December). Sir John Cuckney, Westland president, confirmed on Wednesday night his preference for a massive input of capital from the American company Sikorsky, and has in fact signed an agreement protocol with this subsidiary of the United States trust United Technologies. In London yesterday, Westland disclosed that its losses for the past 12 months amount to 106.6 million pounds sterling, while British financial circles were betting on a definitely lower figure of the order of 90 million pounds.

However, the agreement signed by Sir Cuckney and the Americans will not be effective until it is approved by Westland's shareholders, who will hold a special meeting on 14 January. The three European manufacturers competing against Sikorsky (Messerschmitt-Bolkow-Blom, Aerospatiale, and Agusta), who have already advanced counterproposals which they were to renew yesterday evening, thus have a little less than one month to obtain a decision reversal from Westland's shareholders, reopening the question of a London-Washington axis on the helicopter market.

Sikorsky, associated with the Italian group Fiat, proposed a first injection of 30 million pounds into Westland's capital, to buy 29.9 percent of its shares. At the same time, National Westminster Bank, associated with Barclays Bank, would transform into shares the 28 million pounds of debt owed by Westland. To complete the operation, Sikorsky would later add 19.1 million pounds to bring its part to 39.9 percent of Westland's capital. This solution has been accepted and firmly supported by Leon Brittan, British minister of industry, with the implicit support of Margaret Thatcher, who has refrained however from intervening publicly in negotiations concerning private enterprise.

The problem is that the British government is in disagreement over this issue. Defense minister Michael Heseltine is a strong supporter of the European solution, which in his view offers the considerable advantage of preventing the Americans from gaining a foothold on the old continent. The helicopter market has been shaky for several years, and European manufacturers are intent on defending their industry against threats from the United States. Aerospatiale, MBB, and Agusta, joined in the past few days by British Aerospace and the British General Electric Company, also propose to jointly invest 30 million pounds in Westland. Better yet, while the Americans are promising to provide the British helicopter builder with 1 million work hours over a three-year period, the Europeans have committed themselves to 3 million work hours. All is fair in this fight: Aerospatiale for instance, has discreetly let Westland know that should the Sikorsky offer be definitely accepted, Westland would have to forfeit the 250,000 subcontracted work hours in its order book. Since one good argument calls for another, the French company points out that it might well be on the verge of obtaining an unexpected Super-Puma order from the French army, which would naturally be generously shared with Westland, provided of course that Sikorsky was out of the picture!

Heseltine, minister but also in effect the London agent of European industrialists, had already let it be known that his government would not purchase the Black Hawk helicopter whose license Sikorsky brings as dowry toward its alliance with Westland. On Wednesday, the minister received significant support from the House of Commons Defense Committee, which expressed the wish that "defense implications of any change affecting the British helicopter industry, be scrupulously examined." This, as explicit criticism of the speed with which Sir Cuckney approved Sikorsky's proposals.

Heseltine will therefore make good use of the three weeks remaining before the special general meeting of 14 January, to try to convince Westland's shareholders. With the support of Lloyd's Merchant Bank, representing the European consortium in Great-Britain, he will particularly seek to win over the agreement of 10 percent of the shareholders, so that the proposal competing against Sikorsky will be studied by the general meeting. Will he succeed? That is the question.

The determination of the European manufacturers is easy to understand. Recent frustrations in military cooperation could be partially overlooked if Europe could at least save its helicopter industry. The possible entry of the Sikorsky wolf into the European rotary-wing sheep fold, could completely shatter a market which survives--albeit with difficulty--only thanks to military orders. With the purchase of Westland, the Europeans, suddenly convinced of the usefulness of a continental cooperation, would be in a position to balance the major programs currently under study. Whether it concerns the French-German combat helicopter HAP-HAC, the British-Italian projects for transport and combat helicopters, or the NATO NH 90 program, each partner now insists on the need for harmony and compatible designs. But new resounding failures can be expected if Westland is not in the game.



## Counter Offer Received

Paris LES ECHOS in French 23 Dec 85 pp 2-3

[Article by G. B.]

[Text] The proposers of a European response to the sale of the British helicopter manufacturer Westland, have very quickly raised the bid. Last Friday--the day after the competitive offer of the American Sikorsky, together with the Italian Fiat, became known in detail--the consortium joining British Aerospace and General Electric Company for Great-Britain, Aerospatiale for France, MBB for FRG, and Agusta for Italy, advanced an apparently more interesting proposal.

While the American offer stipulates the sum of 30 million pounds at first to acquire 29.9 percent of Westland's capital, the Europeans offer a total of 37 million pounds for the same share of the company. The two British partners of the consortium would together pledge 13 million, with the three other members bringing in 8 million each, thus proving their determination to stop their American competitor.

This European offer also benefits the banks, which would then have to contribute only 23 million pounds (against 28 million in the American project). Equally lightened would be the shareholders' participation in refloating the company, which lost 98.7 million pounds during the last fiscal year.

All in all, the financial structure created by the European group would cover 73.1 million pounds, compared to 70 million for the American proposal. Although Westland's management is still said to be in favor of the Sikorsky offer, it will have to seriously consider the European one: on 14 January, at the meeting where a decision will have to be taken, the shareholders will undoubtedly find some interest in the proposal.

An interest not only in financial terms, but at the industrial level as well. The European offer, which has the advantage of maintaining the future of the helicopter industry on this side of the Atlantic, has the "additional attraction (of swelling)" the order book as part of a western European cooperation. Westland's programs would be strengthened by 3.3 million work hours over a five-year period, against 1 million for the current proposal.

This cooperation would also harmonize the European production in three areas: a future combat helicopter built jointly by Great-Britain, France, FRG, and Italy (600 units); a troop transport helicopter as part of the NATO NH 90 project (700 units); and a development of the British-Italian EH 101 program (naval and commercial helicopter in an edition of more than 100 units). So much for the future.



The political component will of course play a determining role, with Michael Heseltine, British defense minister, being an ardent supporter of the European solution, at odds with the "non-interventionist" attitude of Margaret Thatcher. The matter is even more likely to come in the limelight on the political scene: as disclosed by the OBSERVER yesterday, Leon Brittan, minister of trade and industry, is supposed to have sent a note to the British prime minister, pointing out the advantage of the European rescue plan. Until now, the same minister was opposed to his Defense colleague, implicitly taking the Sikorsky-Fiat side.

This only shows the extent to which the matter has acquired a very Anglo-English character, and to which it could crystallize the political climate.

It remains to be seen whether Sikorsky together with Fiat will raise its offer; it still has more than three weeks to react to the European counter-proposal.

There is however one factor which could ultimately be a problem for the American company: Libya holds 13 percent of Fiat's shares. The idea that Col al-Qadhafi could stick even one finger in Westland, must not be readily accepted in Great-Britain.

11,023

CSO: 3519/83

## AEROSPATIALE, WESTLAND SPLIT INDIAN PURCHASE

Paris LES ECHOS in French 26 Dec 85 p 5

[Unsigned article]

[Text] India has chosen the moment when the British helicopter manufacturer Westland must determine its industrial support, to place a long awaited order for helicopters. Westland was competing against Aerospatiale.

India gave preference to neither party, ordering 27 helicopters from the French company and 21 from the British firm. But only 21 of the aircraft from the order intended for Aerospatiale will be paid, indicates the Press Trust of India agency, quoting the Indian minister for civilian aviation.

## A True Windfall

If the terms of this contract with Aerospatiale are confirmed, a fresh example of the stiff competition among the manufacturers would be highlighted by this "gift" of six aircraft to India. But this competition becomes even more pronounced for Westland, because its W-30 helicopters are entirely financed by funds earmarked for aid to development. In other words these aircraft will not be paid.

All India would have to do now is to assume maintenance costs, and even in this respect, negotiations supposedly preceded this order. Consequently, the sum of 65 million pounds mentioned for this contract with Westland must be viewed with caution.

For Westland, whose order books are practically blank until 1990, this Indian decision is a real windfall. But coming in the midst of the polemic which has grown around the British manufacturer, this decision also takes on a strategic aspect, because the government of Rajiv Gandhi, Indian prime-minister, wanted to order Aerospatiale helicopters at the same time, thus widely supporting a European helicopter industry.

In this way India contributes to keeping Westland afloat, and can ease the tension which hangs over participation from the outside. This is not likely to encourage the entry of an American partner.

At the political level in fact, time is more on the side of the European proposals in the confrontation between Sikorsky on one hand, and the consortium composed of British Aerospace, General Electric Company, Aerospatiale, MBB, and Agusta on the other.

11,023

CSO: 3519/83

## COMMITTEE TO ASSESS INFORMATION TECHNOLOGY DEVELOPMENT

Helsinki HELSINGIN SANOMAT in Finnish 8 Dec 85 p 2

[Editorial: "Information Technology Contains Risks and Opportunities"]

[Text] Finnish society is exploiting the new information technology without prejudgment. It is, however, not without problems. The harmful effects of information technology should be eliminated--in spite of fast development and extensive effects--with foresight. The house requires an alert servant but not a new master.

Information technology changes, among others, living and working conditions, economic organization and Finland's position in international competition. It can not happen by chance. For these reasons we can conclude unanimously that the social effects of the new technology have to be anticipated as accurately as possible.

An advisory committee functioning under the Finance Ministry, and representing the state, municipal administration, commerce and industry and the labor market organizations has been set up as a watchdog for these developments. The advisory committee is supposed to, on its part, pilot the country skillfully and with as little damage as possible into the information society.

The advisory committee, on its behalf, wants to create a generally accepted model of the Finnish information society in the near future; this will not happen without deep deliberation. A technopolitical accounting was used to initiate discussion, but, according to the committee, the exchange of ideas was left too narrowly focused and short sighted.

Future risks and opportunities can be treated only with certain presuppositions. Versatile databases and decision alternatives are needed. Only when the basic data is together can the parties and the people's organizations discuss the demanding subject matter equally as the advisory committee wishes.

Information technology is in practice conquering the country on a penetration principle. Decisions about its utilization are not made in one and the same place, but in organizations ignorant of each other. On the other hand nodal points of development can be found in which the state of the information technology can be observed and directed. The teaching of, and research into, information technology are such nodes.

It is easier to say what errors should be avoided in applying information technology than to take a stand in regard to rapidly changing application alternatives. Isolation and excessive division of labor should be avoided. Interaction between people should not decrease along with increase in technology. And technology should always be a means for developing society, not its goal.

An individual always feels fear toward all that is new. Information technology is no exception. In the short run steps for advancement have to be measured by the ability of an individual to absorb them. But at the same time decisions that reach far into the future have to be made. From this viewpoint it is well to remember how differently, different generations even now relate to information technology.

It has been said with good reason that every citizen is responsible in his own behalf for technology. As an active member of society he has to participate in the public discussion about the development of technology. There is no lack of channels of influence. It will not succeed, however, without some kind of technological literacy. May the advisory committee on information technology add to it.

12989/12589

CSO: 3617/42

## NECESSITY OF BUSINESS INTERNATIONALIZATION DEBATED

Helsinki UUSI SUOMI in Finnish 11 Nov 85 p 2

[Editorial: "The Necessity of Internationalization"]

[Text] Finnish enterprises have finally begun to internationalize. Certainly investments abroad have been in the news nearly daily. Since they got under way late and the initial level was modest, the growth rate of the investments directed at foreign countries has now become quite high.

The brisk development has also aroused suspicion, even in governmental circles. The observation, that the state-owned enterprises often painted the direction for investing in foreign countries, certainly did nothing to allay these suspicions.

These suspicions may now be lessened by the brief prepared by Tuomainen committee last week. It sees the internationalization of our enterprises as an entirely natural development. In spite of this the committee is also correct in that there is reason to watch these international developments even more closely than at present.

The internationalization of the enterprises include, along with opportunities, also considerable risks. Investments outside the country would appear to be riskier than those within--especially if we were to go beyond our traditional fields of activity.

But risks are part of entrepreneurial activity. The boundaries of one's own country seem restrictive to more and more people. In addition the increasing protectionist phenomena force us to build bridgeheads to export countries in the same way as the forestry industry did during the period of high tariffs.

It is premature to evaluate how the internationalization of Finnish enterprises has succeeded. Often the measurement of results is not even possible. The bridgeheads built to support domestic importation were not always even intended to produce profits in the strict sense of the word.

Finns have generally approached internationalization rather calmly. The dependency of our development on success in export markets was understood.



We should also understand, as the other side of internationalization, those innovations used to expand the possibilities of foreign enterprises to own shares in Finnish companies. The Tuomainen committee suggests that the upper limit of foreign ownership should be raised from 20 to 30 percent on part of both ownership of shares and voting rights.

In regard to ownership the committee is more cautious than the Ministry of Justice in its proposal of 40 percent made a couple of years ago, but more generous toward voting rights. The ministry would have given the foreigners, at most, one-fifth of the vote. The one-third proposed by the committee would hardly be any cause for concern, because the corporation laws require, in any case, a two-thirds majority for all the more important decisions.

The committee proposal is on the right track and improves the possibilities of Finnish enterprises to acquire foreign capital. At the same time domestic companies will be put on a more equal footing vis-a-vis their foreign competitors in acquiring venture capital. Hopefully the formulation of the law will proceed quickly after using up the extra allotted time.

12989/12589  
CSO: 3617/42

## FIRMS CHECKED FOR EXPORT REGULATION COMPLIANCE

Helsinki TIEDONANTAJA in Finnish 13 Nov 85 p 5

[Article: "CIA Men Spy of Finnish Enterprises"]

[Text] Officials of the United States embassy are inspecting Finnish information technology enterprises.

The officials who, according to the information received, are on the CIA payroll, inspect the equipment and programs of American origin used by these enterprises. So that everything would be in order all the equipment and programs in the possession of the enterprise that are from the United States have to match the information on the export permits held by the embassy.

One Finnish information technology firm was visited some time ago on subsequent days by two officials from the embassy in Helsinki.

One, a trade secretary of the embassy, Kenneth Norton, appeared under his own name and conducted a rapid survey.

On the next day, a man appearing under a cover name, presented himself as a representative of the Swedish office.

The man, later revealed as an official of the United States embassy, "carefully inspected all that the enterprise had, took a computer-produced list from his briefcase and checked, one after another, the names of the equipment and the programs," relates the TIEDONANTAJA source.

12989/12859

CSO: 3617/42

## HOUSEHOLDS RESPOND TO POLLS ON ECONOMIC CUTBACKS

Athens ENA in Greek 28 Nov 85 p 5

[Text] Athens--To a great--if not decisive--degree the success or failure of the recent Government economic measures will depend on the behavior of the people. And this behavior will be shaped in accordance with the degree to which the ordinary Greek has understood the importance and criticality of the problem. That is, whether he will understand and accept the need for frugality or refuse any personal and family cutbacks, or even try to benefit from the measures himself. In this sense, the first reactions of the public--at least as recorded by the Press--were not at all positive. Because the tendency of small savings depositors to withdraw money for hurried and unbudgeted buys of consumer goods (video, electronic equipment, automobiles, craft) at "old prices" was in no way in accord with the philosophy of the measures and the devaluation. A small depositor hurrying to make such buys did neither believe in a continued worsening of the crisis nor did he take into account the prolonged period necessary for some recovery. Otherwise he would not have burdened his family budget with the new expenditures that the use of such consumer goods demands but would instead hasten to cut them down.

These thoughts led "ENA" to the decision to investigate the behavior of the public. A poll by Metric Research Center indicates that the first negative reactions were either exaggerated or caused by lack of self control. The specific question asked was: "if your household income drops, on what expenditures would you need to cut down to make ends meet?". The public's response indicates a fair evaluation of needs-expenditures, as it emerges from the published Table.

The response of those polled was that expenditures would more or less drop in 4 out of the 7 questionnaire categories, i.e., basically in: entertainment-recreation 56.9%; large purchases, such as automobile, land, housing 43.5%; clothing-shoes 41.3%; and furniture 39.2%.



## BUSINESS INSTITUTE SEES GNP GROWTH HALVED IN 1986

## Business Investment Forecast Static

Stockholm DAGENS NYHETER in Swedish 12 Dec 85 p 12

[Article by Anders Nordstrom: "Growth to Be Halved Next Year"]

[Text] Economic growth in Sweden will be halved next year. In no other Western industrialized country will the economy grow as little as in Sweden.

This is claimed by the state Business Institute (KI) in its estimate of how business will develop in the coming year. KI's estimates, which will subsequently provide a basis for the government's economic policy and for the budget work on all goods and services produced in the country, are that there will be 1.1 percent growth in 1986. The 1985 growth is expected to be 2.2 percent.

On the other hand, for the Western industrialized countries as a whole, an average economic growth of 2.8 percent is expected next year. The Nordic countries, except for Sweden, are expected to achieve a growth of 2.6 to 3.0 percent.

According to KI, it is above all the very weak demand for goods and services within the country that lies behind the low growth. Thus, for example, total investments in Sweden will decrease by 3.1 percent next year.

Most of this decrease is due to the fact that housing construction will decline by a full 11.2 percent. It is estimated that investments in industry will remain at the same level as in 1985.

KI predicts that for wage-earners, 1986 will be one more in a series of rugged years. Certainly personal consumption will rise by 1.2 percent, but this entire increase will result from higher pensions and other benefits, and increased interest income for households.

Certainly, it is estimated that the total amount of wages after taxes will increase by 0.75 percent more than inflation. The reason for this, however, is that the number of persons employed is expected to increase to some extent. If one looks instead at the private wage-earners' real wage per hour, KI

believes, it is going to decline to some extent. It has thus been assumed that the wage increases, including wage drift, will amount to 6 percent in 1986.

According to KI, an average of half of this amount has already been tied up through provisions in the present agreement. On the average, for the entire labor market, wage-earners will receive a new agreement, in effect from the beginning of the year, that will raise wages by only 3 percent, if KI's calculations are to be fulfilled.

KI estimates that Swedish exports are going to increase by 4.6 percent next year. The markets for Swedish products abroad, however, are growing even more rapidly, and Sweden is therefore losing shares of the market to its competitors.

There are two reasons for this. In the first place, the prices of Swedish export goods have risen more rapidly than those of the competitors in recent years. In the second place, many Swedish enterprises have reached the limit of their capacity, and cannot increase their production more even if a demand for their goods exists.

A positive result of the fact that domestic demand will be weak next year is that imports will be reduced and that the deficit in Sweden's foreign trade, the balance of trade, will be almost eliminated.

KI expects that this year the balance of trade will show a deficit of 11.7 billion kronor. The prediction for 1986 is 2.7 billion. This means that the balance of trade deficit in 1986 will only amount to 0.3 percent of the GNP.

Even though the number of people employed in Sweden will increase next year, unemployment will rise from 2.9 percent to 3.1 percent.

Inflation in Sweden is decreasing sharply this year. The price increases in the course of 1985 are estimated to be 5.5 percent, compared to 8.1 percent during the previous year.

For 1986, however, the domestic inflationary pressure is also expected to decline. The price increases will be 4.4 percent between December 1985 and December 1986.

The profit situation in Swedish industry is going to remain at a high level next year as well.

#### Devaluation Benefits Disappearing

Stockholm DAGENS NYHETER in Swedish 12 Dec 85 p 2

[Editorial: "The GNP Machine"]

[Text] The Business Institute (KI), in providing its basis for the national budget, has now revised upward its growth prediction from this fall: the GNP



will not increase by 0.4 percent next year, but by a full 1.0 percent. The reason is that new inquiries among firms indicate that the investment plans have been underestimated. The upward adjustments, however, are being made from a low level.

On the whole, the fall business reports indicate that next year will not be good at all for the Swedish economy. (The predictions for the GNP are summarized in the table.)

#### GNP Increase in 1986

Gotabanken	1.5 percent
Handelsbanken	0.5
KI	1.0
LO	1.2
PKBanken	1.0
Sparb's Bank	1.0
TCO	1.5

The rest of the world will do better. According to the Industrial Association's estimate, GNP will increase by 2.6 percent in both the EC and the OECD as a whole; and a composite of several international predictions gives 2.6 percent for the OECD as a whole and 0.6 percent for Sweden.

The Swedish economy now depends heavily upon exports. A large part of the exports consists of investment goods, and is therefore very sensitive to swings in the international investment market.

According to several assessments, trade within the OECD will increase next year by only 4-5 percent, compared to 12 percent in 1984, and investments will go up by 3.5 percent, compared to 8.5 percent in 1984. This explains why the Swedish economy is going slower than the rest of the world's -- but not why it is going so much slower.

In an English journal (THE WORLD ECONOMY, No 2, 1985) Assar Lindbeck has published a interesting analysis of the West European economies' handicap compared with the United States. In both production and productivity, Western Europe fell behind the United States during the 1970's.

The shocks of increased oil prices and technological changes perhaps hit Western Europe harder than the United States. In addition to this, the reconstruction of Western Europe after the war no longer functioned as a general engine for growth. (This is particularly true of Sweden, which after each world war delivered investment goods, in a seller's market, for the rebuilding of Europe.)

But the most important explanation, Lindbeck thinks, is that the market economy mechanisms in Europe are functioning worse and worse. The price mechanism, which should provide information on costs, supply, and demand, and coordinate decisions in the market, has been put out of order in many areas by

taxes and subsidies; both producers, wage-earners, and consumers are thus systematically misinformed.

Rigid wage structures have not been adjusted to the change in prices in other production factors, and have thus indirectly increased unemployment. Massive subsidies have locked labor force and capital into branches operating at a loss. The costs of the labor force have been driven up further by the increasing pressure from taxes, etc., etc.

Lindbeck's approach is not completely new; it is reminiscent of the McCracken Report (1977) and the so-called Bjurel Report (1978), both with Lindbeck as a coauthor. The Bjurel Report was a brilliant and constructive analysis; it was received by the Social Democratic press with invective, and by the politicians with silence.

The interesting thing, however, is that it is precisely in Sweden that the obstacles to growth and market functions found by Lindbeck in Western Europe are particularly high. The governments here, to a higher degree than in other countries, have acted as guarantors of employment regardless of the wage level, and wages and prices here have suffered from an extremely high tax burden. The difference between gross cost and net compensation, especially on the margin, does not just hinder mobility in the labor market; it really also eliminates the private economic incentives for work, savings, and investment, which are the fundamental driving forces of the market economy.

The politicians have pursued their ambitions for distribution with such intensity that they have weakened the prerequisites for growth, and thus obtained an increasingly smaller GNP increase to distribute. Since the middle of the 1970's, there has been a trend toward a connection between high public expenditures and a low growth rate. And a simple example shows that the incomes of those who are below the average are, after a while, higher in an economy with unequal distribution and high growth than in an economy with equal distribution and low growth.

The fact that growth is now slowing down more in Sweden than in the rest of the world is certainly not just a result of the market. In addition to this, it is also due, to a great extent, to the fact that the injection from the latest devaluation has now stopped working, and we now find ourselves back on the Swedish path of high costs, high taxes, and low growth. It is not certain that another shot of the same medicine will help.

9909

CSO: 3650/86

## 'NEW POVERTY' DISCOVERY STIMULATING RISING POLITICAL DEBATE

Oslo AFTENPOSTEN in Norwegian 2 Jan 86 p 16

[Article by Arve Hoff]

[Text] Stockholm, 1 January--The "new poverty" was a major topic of debate in Sweden during 1985. About 550,000 people, over 6 percent of the country's population, received a subsidy of one kind or another from social welfare offices during the year.

One remarkable feature of the present situation is that more and more "ordinary" people, families with jobs and a home and perhaps even a car, are asking for help. This situation makes one stop and think. An obvious question, of course, is how the term "poverty" is to be defined.

It is not right, however, to brush aside the entire problem as if it were fabricated. The increase in the number of recipients of social welfare in recent years has been far too dramatic for this. After a steady decline during the 1970's, there was the following trend: In 1980 343,000 people received assistance, while the figure was 475,000 in 1983 and 525,000 in 1984. This represents a 53-percent increase from 1980 to 1984. Last year the figure rose by about 25,000 more.

"A new poverty is becoming a permanent feature in Sweden," overworked employees at social welfare offices say.

Others say that the gap between the well-to-do and those with difficulties is simply growing wider and wider. At the same time the number of welfare recipients was larger than ever last year, automobile and retail sales in general reached record heights.

Many find it particularly troubling that the number of welfare recipients continues to rise, even though the situation on the labor market clearly improved last year. In the past, an improvement on the labor market has resulted in fewer visitors to welfare offices. The probable explanation to the present situation is that the new positions that are being created require a relatively high level of training and/or long experience, so that many of the unemployed have no chance for the new jobs.

The government has appointed a committee to study the circumstances surrounding this bleak development. The government also wants to conduct a broad investigation into the distribution of wealth among various groups of society and how this distribution has developed in recent decades. A third committee will be charged with outlining future distribution policy.

The latter is a result of strong pressure from labor organizations. They fear and warn against what they see as a trend toward a new "class society," with widening social gaps. Local governments are talking about the appearance of "new groups." One such group, for example, is comprised of small-home owners who now find themselves in a serious bind because of rising fees and interest rates.

Conservatives, however, have serious doubts that the traditional tools of distribution policy are appropriate, in this instance. Instead, they believe that a kind of "distribution revolution" is needed--namely that the state should simply let people keep more of their own money.

The business journal DAGENS INDUSTRI wrote the following in an editorial: "Perhaps we in Sweden must now come to the brutal realization that we can no longer afford the large public sector that, ironically enough, was created to safeguard our security and welfare. We must now realize that this sector is a threat to that which it was intended to protect and maintain."

The journal also took up the definition of the term "poverty": "Perhaps when we set the subsistence level we are too ambitious, considering our real resources."

In this connection, there are undoubtedly many who believe it is wrong to talk about poverty in connection with someone who has an automobile in his garage and who is requesting assistance for the rent and for food bills. Many people suspect that the enormous Swedish social welfare system itself is partly responsible for many requests for assistance. "It is easy to get help and people want to recover as much of their tax money as possible."

On the other hand, few would attempt to reduce the entire concept of "new poverty" to this type of argument. Obviously, an 8-year decline in real wages, which Sweden experienced through 1984, must have an effect. The labor market also shrank during that same period. There also has been a steady stream of immigrants and refugees all this time. The Federation of Local Governments reports that refugees alone account for about 20 percent of the increase in last year's social welfare payments, while the Central Bureau of Statistics reports that 16 percent of welfare recipients in 1984 were foreign nationals. Another large group is comprised of students who cannot get by on their student loans and who have difficulty finding an extra job.

9336  
CS0: 3639/53

## BRIEFS

CHEAPER GAS FOR INDUSTRY--Groningen, 31 Dec--Nederlandse Gasunie NV, the distributor of Dutch natural gas, announced a four guilder cent cut in the price of one cubic metre of gas taken off by large consumers as from tomorrow. Large consumers are those who consume 170,000 cubic metres of gas or more per year. The four cent cut, which follows an eight cent cut on 1 October, will reduce the cubic metre price from 40.7 to 36.7 cents. Gasunie said the cut was due to a fall in fuel-oil prices to which the price charged to large consumers, mostly industries, is linked. It said the price cut also applied to market gardeners who will pay just over 37 cents in the new year. [Text] [The Hague ANP NEWS BULLETIN in English 31 Dec 85 p 4] /9274

CSO: 3600/23

## RE-ELECTED RULING COALITION CONFRONTED WITH OIL POLICY DILEMMAS

Hamburg DIE ZEIT in German 20 Sep 85 p 3

[Commentary by Wolfgang Zank: "Frightening Wealth--The Government in Oslo is Cautious About Oil Revenues"]

[Text] The strain has turned to routine. Norway's previous and recently re-elected Prime Minister Kaare Willoch has already begun to change the long-term program adopted by Conservatives last spring.

However, it is not going to be easy for the acting government coalition of Conservatives, Christian Democrats, and Center Party with only 78 seats out of 157. The strongest opposition will come from the 71 members of the Social Democratic Workers' Party, especially in the area of the economy. The main issue of contention was and is the use of oil income: the government is in favor of a cautious input into the state budget and extensive investments in foreign countries; the opposition thinks it more appropriate to use it for a stronger commitment in investments, research projects, and to fight the deplorable social state of affairs in the country.

The Norwegians have had to worry about the question of what to do with the income from off-shore oil and gas for about 20 years. The first exploration franchises were granted in 1965; in 1969 the Ekofisk-Field was discovered at the first economically productive deposit; production started in 1971, and in 1975 Norway became an oil exporter. The 1973 oil crisis brought about a noticeable expansion in activity, because the increase in oil prices suddenly improved the profitability of many projects. Moreover, it provided the industrial nations, which at that time became aware of their dependency on energy, with a political reason for expanding mining operations in the North Sea.

A further search made in the seventies had unexpected success. In 1984 the equivalent of 61 million tons of oil poured out of 13 oil and gas fields, that is oil as well as quantities of gas that are convertible to units of oil energy.

Exploration of the subsoil is not, by any means finished especially way up north. Also expansion of additional production and transportation installations is proceeding swiftly. Among other things, one of the most ambitious



projects of modern energy architecture is to be completed by the end of the year: gas is going to be conveyed through a pipe which will stretch 1,325 kilometers and cross the Norwegian channel twice at a depth of almost 300 meters. Never before were pipes with such diameters (28 and 36 inches respectively) placed at such depths. No other underwater pipe system is longer.

For quite some time now, the oil and gas mining operations have resulted in further activities. On the one hand, the need for drilling rigs, supply ships, and pipelines brought to life a new field of business; that is, "off-shore" production. On the other hand, new installations for oil and gas processing came into being. Thus, the large refinery in Mongstad near Bergen has been in operation since 1975 and its capacity is, even now, being increased from 4 to 6.5 million tons. Besides, Esso at Oslofjord and Shell near Stavanger each maintain a refinery. Moreover, liquid gas from the North Sea wells forms the raw material basis for the petro-chemical complex near Bamble on the southern coast. Various synthetic materials are being produced here. It is the largest industrial installation in Norway.

By and large, about 20 percent of Norway's 1984 national product came from the oil sector. Thirty-six percent of exports and 30 percent of investments are concentrated in this field. Compared on the basis of contribution to the national product, the oil sector is more important than industry.

In the beginning, the build-up of the oil sector was quite strictly controlled by the government in Oslo. Franchises were awarded only gradually, in small blocks, and only in conjunction with detailed exploitation plans. The government also kept the right, even in the case where franchises had already been granted, to stop the output for a limited amount of time. If there were a meeting on new franchises on the agenda, the previous behaviour of the companies involved would be taken into consideration--for instance, if sub-contracts had been given to Norwegian firms.

In the beginning, out of necessity, the Norwegians left the leading role in exploitation to international oil companies. Then, systematically, Norwegian firms joined in, most important among them the state-owned Statoil Company which was founded in 1972. Since 1973, Statoil has been getting a share of at least 50 percent in every new franchise meeting. Further shares are allotted to Norwegian Saga Petroleum and Norsk Hydro; again, the latter is more than 51 percent owned by the state. In addition, as a rule, the franchise recipients must accept an escalator clause: in the event that the area's yield is unexpectedly productive, then the government can increase Statoil's share up to 80 percent. The once mighty multinational oil organizations are, at best, playing second fiddle in Norwegian waters: they are tolerated and even valued as long as they provide international connections and modern technological knowledge, but they are unable to make decisions on oil policy guidelines.

Since 1977 oil and gas incomes have risen sharply, in 3 years they increased from Kronen 3 to 23 billion, and in 1984 the take was almost Kronen 42 billion--approximately DM. 15 billion. That amount was one-fifth of public

revenues or DM 3,750 per inhabitant. Because of the oil blessing the public budgets, on the whole, have been able to close with a surplus for years; the same is happening with the balance of payments; that is, the total flow of goods and services to foreign countries. Thus, the Norwegians earn more at the present time from foreign trade than they consume.

This, of course, does not mean that Norwegians no longer have any economic worries. First, Norway still has to pay off foreign debts, which are in part due to high investment costs in the oil sector. The debt, to be sure, has come down considerably during the last few years but, in 1984, still amounted to one-sixth of the gross national product. Then, considerable sectors of the Norwegian economy are plagued by crises phenomena. These appear predominantly in farming, but also in other areas of industry. On the whole, there are fewer industrial products manufactured in Norway today than in 1975. Export consists mainly of a few processed goods--for instance, crude aluminum. Expenditures for research and development are considered in general to be completely inadequate. Seventeen percent of all industrial employees work in factories whose total wages are higher than the entire net product.

#### Achievement Erased

Many communes, first among them the state capital of Oslo, reveal considerable deficits in their budgets and have had to cut down on their services. Painful bottlenecks can be seen in health services and in the care of the elderly; moreover, Norwegians are concerned about continuing unemployment. To be sure, in comparison with international problems, the Norwegian ones are very modest. During the last few years the unemployment quota amounted to 4.5 percent and, at the present time, it amounts to 2.7 percent. At the same time 3/4 of all Norwegians in the 15-64 working age group have jobs. This is the second highest standard in the western world, only surpassed by the neighboring country of Sweden.

Incidentally, the oil sector does not contribute to this. Even if one adds construction of drilling platforms or refineries, then only 60,000 people are involved. This amounts to 3 percent of gainfully employed Norwegians. Norway is already predominantly a service company.

Problems cannot be solved simply by a strong grab into the oil till. If public expenditures are blown out of proportion, then inflation is its inevitable result; this would again undermine international competition and, at the latest, when oil and gas mining runs out (in about twenty years) would bring about a collapse of the economy. Everybody is in agreement on this point.

However, there are still clear nuances separating the political camps. Thus, a short time ago, the Workers' Party presented a project for an "oil fund": one part of the oil income should go into a special account from which loans and contributions for research projects could then be financed. The opposition, at the same time, presented a few special programs to combat social problems. "However justifiable the warning of the danger of inflation

is, it can also be exaggerated", says Arnulf Leiprol, economist of the LO Federation of Labor Unions. "Funds are available for these programs in any case. Moreover, they also have an investment aspect: the reduction in the waiting period in the health service, which at times could be quite considerable, has the end result of also promoting production."

The government also plans to further extend social services. It plans this, however, at a slower pace than the opposition. Besides, the expenditure for social services has never been so high as at the present time. But the Willoch government concentrates more on improving the general economic framework. During his period in office, the tax and contribution burden decreased from 52.4 to 48.5 percent (not including the oil sector).

Additional tax decreases have been announced, the regulation jungle is supposed to be still thinned out. The government parties promise themselves that this will bring about a noticeable revitalization in private initiative. The Norwegian word often used in connection with this is "founder-mentality." In general, the whole way of thinking in the market economy categories during the last few years experienced a marked blossoming. Above all, in the conservative new generation circles such exuberance prevails that observers like sociologist Tor Bjorklund are becoming frightened again. "The young ideologists in the party are, in their way, still the M-Ls of the eighties"; that is, Maoist Marxist-Leninists. "Textbook sentences and a strong belief give them the answers to all questions; even the church as to be run according to market economy principles." The acting party leader Anne Beth Moslet is even called "Maggie from Karmoy."

To be sure, this is measured by Norwegian standards. For instance, the intention of the Government to promote private initiative in the public health system must be observed against the background of the fact that, up till now, 98 percent of all health expenditures have been financed by public budgets. "Even the government parties practice an active welfare and economic policy", emphasizes Per Schreiner, planning chief for the Ministry of Finance. "In comparing them internationally, they are to the left of the SPD (Social Democratic Party of the Federal Republic of Germany)."

The following principles were developed at the same time, especially for further action in the oil and gas economy:

#### Buffer Funds are Being Planned

First, the government will strive for a separation between income of oil proceeds and oil consumption at the earliest possible time. For this reason, a buffer-fund will probably be set up soon in which the oil proceeds (which are expected to fluctuate) will be collected and passed on yearly in approximately equally large amounts to the public coffers.

Second, the exploration activities and franchise awards will be taxed in such a way that, on the whole, a "moderate" pace will be maintained in exploitation. This will allow use of the resources over as long as possible a time and protect the Norwegian economy from an over-rapid swelling of oil

activities and the following contraction. The government is especially striving toward constant investment activity. In the future the income will still be used for investments abroad and for reduction of debts. This is considered in terms of a trade-off between the mean risk area and interests that are as high as possible.

Finally, the government is working toward further internationalization of the Norwegian economy. Increased export of "off-shore" products and sale of "know-how" are already contributing to this. Moreover, Norwegian oil companies have already started to go beyond the borders. Thus, last March Statoil bought Esso's Swedish assets and at the same time took over 500 gas stations and the Cracker plant in Stenungsund. Neighbor and principal customer of Cracker is a synthetic material factory which was taken over by Norsk Hydro last year from the Swedish Kema-Nobel concern.

In addition, Norsk Hydro bought a fertilizer plant from the German Veba concern and all the Swedish Mobil Oil installations. The firm has also gained a solid foothold in the Danish gasoline market. It is the Norwegians' avowed intention to go into higher processing levels and to come closer to the market places, be it with gasoline or with synthetics. In this matter they radiate optimism. "Here at Statoil we have the feeling," said information chief Willy Olsen not long ago, "that at the present time we are in as strong a position as the multinationals found themselves in ten years ago."

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## PARLIAMENT TO DECIDE ON SOURCES TO REPLACE NUCLEAR ENERGY

Stockholm SVENSKA DAGBLADET in Swedish 4 Dec 85 p 8

[Article by Sophie Petzell]

[Text] In 1990 Parliament will decide which energy sources are to replace nuclear energy. Five years later, there will be a decision on when the individual units will be shut down. Natural gas will play a considerably greater role in this connection than was previously thought.

Minister of Energy Birgitta Dahl presented her plan for phasing out nuclear energy on Tuesday.

Speaking in Goteborg, Birgitta Dahl promised support for extension of the main natural gas pipeline beyond Halmstad to Goteborg. Swedegas, which is totally owned by the State Power Board, will build the pipeline. The State Power Board is currently negotiating with Shell, Norway's STATOIL, and Denmark's DANGAS to finance the the pipeline jointly.

The minister of energy says: "Those talks are complicated but very interesting. Pending an agreement, the State Power Board is having to stand surety on Swedegas' behalf for 100 million of the 400 million kronor requested. That 100 million will be enough to rescue the first part of the project."

## Gas Project Economically Sound

Birgitta Dahl is much more favorable to natural gas now than she was before.

She said: "Our firm policy has pushed through economically sound projects which otherwise would never have materialized." She did not want to guess how much of the combined energy production would be provided by natural gas--that question will be answered in the 1990 decision. But this much is clear: natural gas, along with electricity, will first help replace petroleum. Later it will help replace the electricity produced from nuclear energy.

## No Doubt About Phasing Out Nuclear Energy

The next important stage on road toward phasing out nuclear energy will come in 1995, when the government and Parliament will decide how the nuclear reactors are to be shut down one by one beginning in the early 1990's and continuing until the year 2010. Safety will determine the rate and sequence of the phasing out process. Incidentally, there is to be no doubt about the fact that the phasing out will be complete by the year 2010.

Birgitta Dahl also said in Goteborg that it is not at all certain that construction of the new steam generator at Ringhals 2 will be permitted. The government has not yet received an application to rebuild the reactor. When it arrives, it will be carefully examined by the Nuclear Power Inspection Board and the Energy Authority from the economic and other standpoints. After that, the government will make its assessment, and the outcome is not a foregone conclusion.

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## CENTER PARTY SUPPORTS GOVERNMENT IN MOVE TO END NUCLEAR ROLE

Stockholm SVENSKA DAGBLADET in Swedish 4 Dec 85 p 8

[Text] The government's new proposed strategy for phasing out nuclear energy now has clear support from the Center Party.

Ivar Franzen, a Center Party member of Parliament, told the TT: "In all essentials, the proposal corresponds to what the Center Party advocates."

He added: "If we get guarantees concerning a practical policy that will create the conditions for phasing out nuclear power, we are also prepared to modify our demands for a more specific phasing-out plan and quicker decisions on the actual phasing out."

Franzen also said: "Good conditions obviously exist now for agreement between the Center Party and the Social Democrats on energy policy during this term of Parliament."

Ivar Franzen is the Center Party's representative on the new energy council, which is where Minister of Energy Birgitta Dahl first presented the government's new phasing-out strategy early in November.

According to the government's proposal, decisions will be made on a plan for the development of conservation measures and alternative energy production in 1990. The specific decisions on phasing out reactors will be made in 1995, and the last nuclear reactor in Sweden is to be phased out no later than the year 2010.

"The proposal shows that a very pronounced change has occurred in the Social Democratic attitude toward energy questions. We obviously applaud the fact that Minister of Energy Birgitta Dahl has adopted our policy, and we see this as a very big issue in the Center Party."

Ivar Franzen says: "The most important thing now is to create favorable conditions for phasing out nuclear energy. Birgitta Dahl has now proposed a strategy for developing energy alternatives. It comprises conservation, new heating technology including solar energy, domestic fuels, heat pumps, and natural gas, a policy for electricity use, and new technology for electricity

production. Viewed as a list of priorities, that proposal is in complete accordance with our views.

"In the Center Party, we have also demanded that the State Power Board's upcoming request for 1.2 billion kronor with which to change steam generators at Ringhals 2 be rejected. That money can be used more profitably--for example, by concentrating more fully on domestic fuels that would provide just as much heat as Ringhals 2 at the same or less cost while also creating about 1,000 new jobs.

"It would be naive of us to choose to continue the fight in the face of this clear success on specific basic issues. Based on the verbal proposal made by Birgitta Dahl, we are prepared to compromise on certain matters of detail."

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## BALTIC SEA INCREASINGLY THREATENED BY EUTROPHICATION

Stockholm SVENSKA DAGBLADET in Swedish 6 Dec 85 p 39

[Article by Henrik Ekman]

[Text] Eutrophication of the Baltic Sea is continuing. The situation has improved locally--in the Stockholm Archipelago, for example--but overall, things are growing worse.

This is shown by the 1985 report by the Helsinki Commission, which works to reduce environmental problems in that inland sea.

The commission issued its first report in 1980. Eutrophication was mentioned even in that report, and discharges of nitrogen and phosphorus from agriculture, industry, and population centers have continued to increase since then.

According to MILJOAKTUELLT, periods of hydrogen sulfide formation--a result of the lack of oxygen--have become increasingly frequent in recent years in such places as the Landsort Trench, where the Environment Protection Board has been monitoring the oxygen situation since 1961.

Also in shallow water closer to land, there are now oxygen-free areas in the southern Baltic Sea and the Kattegat where the fauna on the sea bottom has been eliminated.

Lars Thorell of the Environment Protection Board told this newspaper: "We really see no possibility of coping with eutrophication." Thorell is chairman of the commission's technical and scientific committee.

The use of nitrogen is increasing globally, and with it the burden on the environment.

The report is optimistic as far as heavy metals are concerned. In any case, the Baltic Sea proper does not seem very polluted.

Less DDT

Another bright spot is the definite improvement following the ban on DDT, the concentration of which is dropping steadily.

PCB is also banned, but leakage is continuing--from garbage dumps, for example--and seals are continuing to show serious damage.

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